

NEWS: INTERNATIONAL

United Nations launches relief operation to feed starving Sarajevo

Carrington: no progress in stopping Bosnian war

By Laura Silber in Belgrade

LORD Carrington, chairman of the European Community's peace conference on Yugoslavia, said in Sarajevo yesterday that he had made no headway in stopping the war in Bosnia-Herzegovina.

His remarks coincided with the launch by the United Nations of a massive humanitarian relief operation aimed at feeding the 300,000 starving inhabitants of the Bosnian capital. Serb irregulars and Serbia's proxy Bosnian army have besieged the city for 89 days.

Speaking after holding talks with Muslim, Serb and Croat representa-

tives, Lord Carrington said: "I do not think we have made any progress at all today."

Mr Mirsad Becirovic, an editor of Sarajevo Radio, said Bosnian President Alija Izetbegovic had refused to negotiate the territorial division of Bosnia along ethnic lines, a plan backed by the EC and by Mr Radovan Karadzic, head of Bosnia's Serbs.

"If the UN has recognised Bosnia as an independent and integral state, there cannot be ethnic regionalisation," said Mr Becirovic.

"If Carrington still wants to meet Karadzic then he must understand what [Mr Karadzic's] Serbian demo-

cratic party has done to Bosnia. Europe has not seen such crimes since the Nazis in the second world war."

The Bosnian government has insisted on foreign military intervention as the only way to stop the war. Mr Izetbegovic has refused to hold face-to-face talks with Mr Karadzic, saying the SDS is a terrorist organisation responsible for the bombardment of Sarajevo and the ethnic cleansing of eastern Bosnia.

Serb forces currently control more than half of Bosnia, in an effort to link territories with neighbouring Serbia. Witnesses have reported the summary execution and mass depor-

tation of Muslims to rid the region of non-Serbs.

Under intense international pressure and faced with a string of defeats by Croat forces in western Bosnia, Serb forces on Monday handed over the airport to UN peacekeepers. Over 100 tonnes of aid has now been airlifted to the city.

As local charities started distributing the food aid, inhabitants said it was just a "drop in the ocean" towards rebuilding their lives.

Mrs Vinka Kaselj was one of the lucky ones. She received a few kilos of flour, rice and powdered milk. Her eight-year-old nephew got two boxes of biscuits. But, in tears, Mrs Kaselj,

aged 56, said: "I lost everything. We are three families - mixed Serbs and Croats - living under one roof. Where will we go from here?"

Humanitarian officials in Sarajevo say some 200 tonnes of food is needed to feed the 300,000 people trapped in the Bosnian capital.

Mr Pero Butigan, secretary of the Bosnian Red Cross, said 22 tonnes of oil, flour, tinned food and juices, part of the French relief effort, were now warehoused in the city awaiting distribution.

"The problems are enormous. Sarajevo has been cut off for three months and people were either on the verge of hunger or already hun-

gry. When the roadblocks are lifted the situation will really begin to turn around," he explained.

"Meanwhile, people are being killed and expelled from cities in the eastern Bosnia - Foca, Gorazde and Bijeljina - they are completely cut off from the outside world even from international humanitarian organisations," he said.

Relief workers yesterday greeted the trickle of aid with mixed emotions. "The reopening of the airport is only one step. But it will not end the war and horror," said an official of one of the Muslim, Serb and Croat charities representing Bosnia's three main national groups.

'Serbian ethnic cleansing goes on'

By Judy Dempsey

THE Serbian authorities under President Slobodan Milosevic have not abandoned their policy of ethnic cleansing in Croatia or Bosnia-Herzegovina, and Belgrade continues to militarily support Serbia's proxy army in Bosnia, a report issued by the International Society for Human Rights yesterday concluded.

In a grim account of cases occurring in the last five weeks, the ISHR shows how the Serb irregulars under Mr Radovan Karadzic and General Ratko Mladic have done nothing to stop killings, torture and forced migration of Bosnia's Muslims, Croats, and those Serbs who refuse to collaborate with the irregulars.

Ethnic cleansing "almost invariably entails expelling people from their homes, either by rounding them up and forcing them to leave, or by driving them away with a campaign of terror," the report says.

It cites, among many accounts, how on June 12, 22 Muslim men, women and chil-

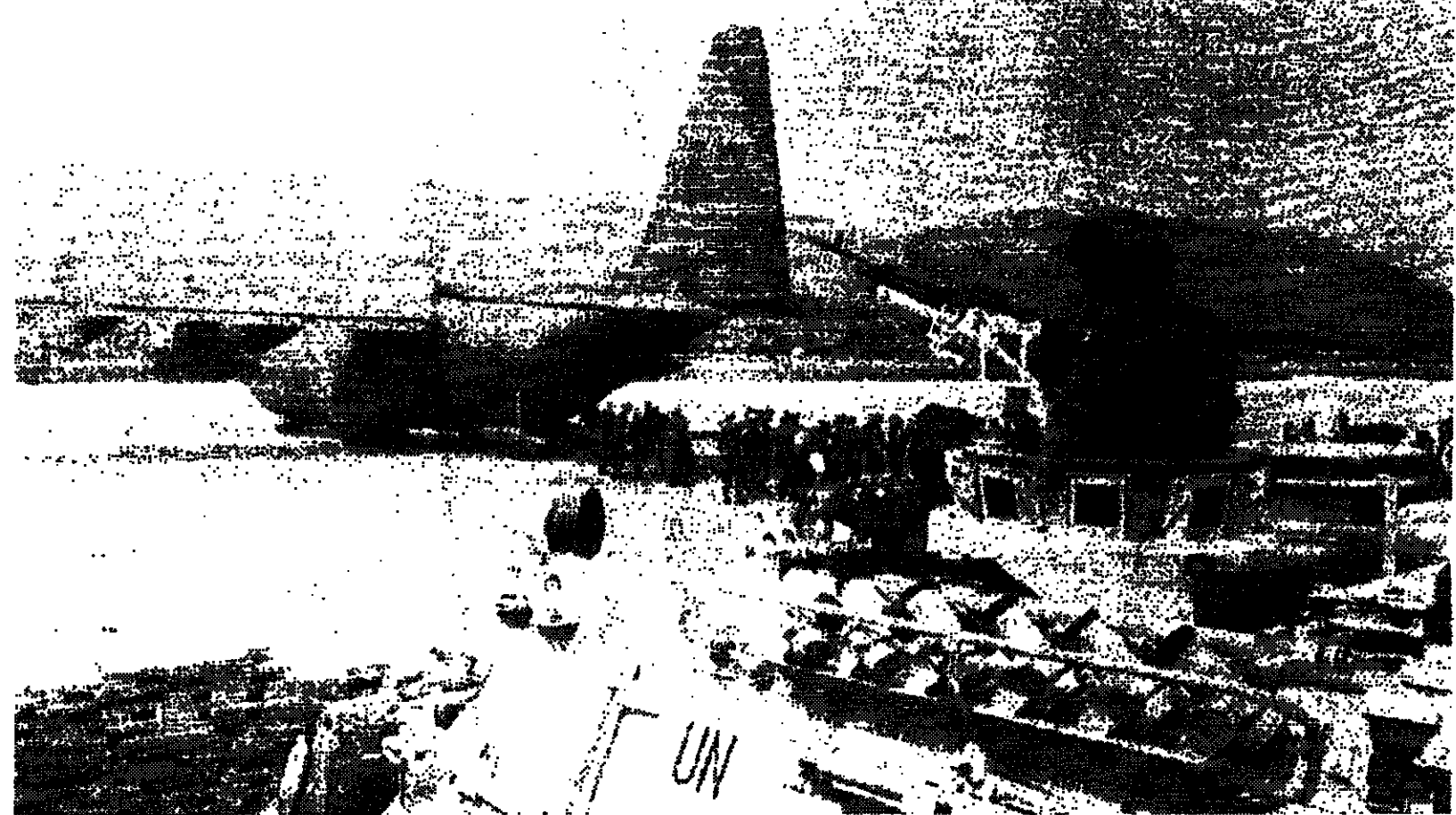
dren were rounded up and killed by a Serbian militia group in the central Bosnian town of Visegrad.

It describes how Serb irregulars have pulled civilians from their homes in the Sarajevo suburb of Dobrinja. Some have been killed, some have disappeared, others have been used as hostages in exchange for Serb snipers captured by Bosnia's defence units.

The ISHR, in common with other human rights organisations and international aid agencies, often has to rely on secondary sources because the Serb irregulars - and in some cases the Croatian authorities - have prevented agencies from travelling unhindered throughout Bosnia.

However, UN peacekeeping forces in Croatia and western journalists have seen cases of ethnic cleansing by both Serb and Croat forces in Croatia.

Contrary to official statements that the Milosevic regime has distanced itself from the war in Bosnia, the ISHR says Serbia still supplies weapons to the irregulars in Bosnia.



United Nations troops give protection to an American relief flight at Sarajevo airport yesterday. This was one of several mercy flights into the besieged Bosnian capital since the UN took control of the airport from Serb soldiers

Slovaks block Havel's re-election

By Ariane Ganillard in Prague

CZECHOSLOVAKIA'S President Václav Havel failed yesterday to win re-election to the federal presidency, as Slovak parliamentarians blocked his candidacy in the federal assembly.

The popular playwright-turned-president, whose election to the federal presidency after the 1989 revolution moved enthusiastic crowds to tears, was quietly eclipsed by a handful of Slovak members of parliament who failed to give him the required majority of votes in the Slovak side of the federal assembly.

According to an amendment to the 1960 constitution, a presidential candidate must receive a majority of

votes in both the lower chamber of the federal assembly and in the upper chamber, where Czech and Slovak parliamentarians vote separately and have equal weight.

This constitutional set-up, which Mr Havel once described as "a Swiss cheese full of holes", gave a virtual power of veto to the members of the Movement for a Democratic Slovakia (HZDS), the nationalist group led by Mr Vladimir Meciar which won 37.2 per cent of the vote in Slovakia in last June's elections.

Mr Meciar had pledged to block the re-election of Mr Havel because the latter called on voters not to support candidates with "dictatorial tendencies" - a thinly veiled reference to the Slovak politician.

Mr Havel will stay in office until October 5 unless another presidential candidate is elected by then. A second round of voting is planned for July 16 and potential alternative candidates have until then to come forward. In theory, Mr Havel could run again in subsequent rounds if no other candidate has yet been elected.

Members of the Civic Democratic party (ODS), the Czech party led by Mr Václav Klaus, the Czech premier, will equally be able to block another candidate, however. Mr Klaus has repeatedly said that he will not support another candidate for the federal presidency.

Failure to elect a president will plunge the fragile Czechoslovak federation deeper into a post-electoral

crisis which threatens to pull the Czech and Slovak republics apart. According to a recent agreement between ODS and HZDS, the Czech and Slovak parliaments have until September 30 to decide on the future of the federation.

The political life of Mr Havel, who enjoys the loyal support of most Czechs, may not be completely over. The new Czech parliament, meeting for the first time last week, promptly said it would prepare a Czech constitution providing for a president. Mr Havel, refusing to allow for a quick burial of the 74-year-old federation, has refused to comment on the possibility that he may eventually become president of an independent Czech republic.

Romanians taking up privatisation certificates

By Virginia Marsh in Bucharest

ROMANIA'S National Privatisation Agency (NPA) distributed nearly 4.3m ownership certificates in June when the public began to register for their 30 per cent share of state equity, figures published yesterday indicate.

The agency estimates 26 per cent of those eligible have already received the certificates, issued to Romanian adults on payment of a registration fee of 100 lei (17p).

Mr Mircea Virosanu, NPA director-general, said public demand for the certificates - the nearest thing to shares in Romania, which has no stock exchange - had exceeded

expectation and proved privatisation in Romania was accelerating.

However, he was surprised so many Romanians had already sold their certificates, and for such widely differing prices. In the Transylvanian town of Timisoara, a book of five vouchers was selling for up to 100,000 lei (1670) while in the northern region of Moldavia, the same book might fetch only 4,000 lei.

He said a brokerage service would be set up at the Romanian Development Bank in the next 10 days in an attempt to unify prices. The NPA would also distribute 10m more leaflets urging the public to wait until the true value of the certificates is established.

Hong Kong banks cut interest rates

By Simon Holberton in Hong Kong

HONG KONG'S bankers' association yesterday cut prime lending rates by 0.5 percentage points to 6.5 per cent following a signal from the colony's Exchange Fund that borrowing should be made cheaper.

The Exchange Fund signalled the cut by lowering its discount rate by 0.5 percentage points earlier in the morning.

The move followed an easing in US monetary policy this week. The Hong Kong dollar is fixed against the US currency and interest rate movements in the colony track those in the US.

The interest rate cut is likely to fuel asset price inflation in Hong Kong. With inflation at 6.8 per cent in the 12 months to May and deposit rates now at 7.5 per cent for 12 months, the local interest rate structure disadvantages savers.

The link to the US dollar has been criticised by some economists as inappropriate to Hong Kong's conditions. Monetary policy in the US is aimed at stimulating a slow growth, low inflation economy - the opposite of economic conditions in the colony.

However, the government is unlikely to change the rate at which the local currency is pegged against the US dollar because it believes the peg confers financial stability and certainty.

Equally important, the pricing of contracts for the colony's multi-billion dollar airport development are implicitly based on the maintenance of the peg.

Argentina begins foreign debt talks

By Stephen Fidler, Latin America Editor

THE Argentine government has begun exploratory talks in an attempt to seek a "definitive" solution over its debts to foreign creditor governments, a senior Economy Ministry official said yesterday.

Mr Horacio Liendo, under-secretary for finance, said talks were starting with officials of creditor governments on a variety of Argentine proposals regarding its official debt. Argentina was not seeking debt forgiveness, but he said rescheduling of the entire debt to the Paris Club of creditor governments would be a "good idea". The Paris Club usually reschedules debts falling due over a fairly narrow period.

Official bilateral debt accounts for about \$7bn (\$2.6bn) of an overall debt burden of \$15.5bn.

The government last week finalised details of a debt reduction accord with leading commercial banks, and Argentine officials met banks in London yesterday to explain the plan to restructure \$23bn of medium-term debt and \$8bn of interest arrears. It is seeking to close the deal this year.

The government hopes the bank deal will fix the bank debt servicing bill at \$1.2bn to \$1.4bn a year, out of an annual debt servicing bill of just over \$3bn. It calculates that \$3.5bn to \$3.8bn of funds will be needed to guarantee the concessional bonds issued under the accord.

Duran leads in Quito poll

By Sarita Kendall in Quito

ECUADOR holds the second round of its presidential elections tomorrow with opinion polls suggesting a former cabinet minister, Mr Sixto Duran, is the leading contender.

The polls put Mr Duran, who led in the first round of the election in May, ahead by at least 10 percentage points over Mr Jaime Nebot of the Social Christian Party.

Both candidates are right-wingers and would move to a more market-oriented economy, following much of the rest of Latin America, and further away from the present government's democratic socialism.

The differences between the two candidates lie largely in personality, style and regional origin.

Recession threatens top Paris fashion houses

By Alice Rawsthorn in Paris

THE LATEST round of men's fashion collections kicked off in Paris yesterday against the gloomy backdrop of the fragile world economy and the news that the sales of the top Paris fashion designers fell last year for the first time in more than a decade.

The latest figures from the Chambre Syndicale de la Couture, which represents the designers, show a decline in sales of 11 per cent to FF3.92bn (£500m) last year from FF4.65bn in 1990. This fall follows a decade of uninterrupted growth for the Paris designers who, despite the rise of other fashion centres such as Milan and New York, still

dominate the international fashion scene.

However, the Paris designers have been hit, like other areas of the luxury goods industry, by the US recession and Europe's economic slowdown. The US economy is now recovering, but the fashion houses are being further threatened by financial worries in Japan, another big market.

This weekend's collections are an important test of market conditions. The shows started yesterday morning when Dirk Bikkembergs, a young Belgian designer, unveiled his collection for spring next year at an art gallery in the Bastille area.

True to the tradition of designer fashion, the show

began nearly an hour late with empty seats as many buyers had not yet arrived from Milan, where Giorgio Armani held his show on Thursday.

The mood of the men's collections is restrained. Thierry Mugler has stopped holding shows and displays his men's collection in his showroom. Comme des Garçons does not use professional models. Its show, yesterday, featured amateurs such as actor John Hurt.

Despite the downturn the fashion houses are still expanding their menswear ranges. Yohji Yamamoto is launching its Ys line, a cheaper range already available in Japan, in Europe this autumn. Céline is introducing its first male line this weekend, as is Léonard.

Indian bank chief replaced in scandal

By Shiraz Sidwa in Bombay

STANDARD Chartered Bank of the UK yesterday replaced Mr Farvesh Nat, chief executive of its Indian operation, as the first step in what are expected to be wider management changes at the offshoot following the bank's involvement in the Bombay stock market and securities scandal.

Mr Nat, who stepped down last week after the bank's Bombay office had been defrauded of Rs5.9bn (216m), will be succeeded by Mr Hiten Dalal, formerly chief executive of Standard Chartered Bank Kenya. At a press conference yesterday to announce the change Mr David Gardiner, the bank's acting chief executive for India, exonerated Mr Nat, whose wife, Mrs G.K. Nat, was charged last week in a special investigative court.

The charge related to her acceptance of a cheque for Rs1m from Mr Hiten Dalal, Standard Chartered's securities broker, who is one of those arrested in the scandal. The bank has accepted Mr Nat's explanation that the cheque "was in settlement of a genuine sale of securities", and regards the allegations as "without foundation". Mr Nat will continue in the employment of the bank although remaining on leave.

The bank hopes to complete its internal inquiry into the involvement of some of its employees next week, when more heads are expected to roll in connection with the country's largest financial scandal.

Indian government agencies are examining a connection between Mr R. Kannan, director of the investment banking division, and Fair Growth Financial Services, which became a part of the scandal when the Reserve Bank, India's central bank, prohibited three companies of the Fair Growth group from transacting any fresh business "in view of certain serious irregularities" observed in the company's operations.

Mr Kannan previously worked with the state-owned Canara Bank, one of the institutions financially involved in the scandal - joined Standard Chartered in early 1990, and was responsible for recruiting a number of officers from Canara, where he had worked under Mr B. Ratnakar as chairman. Mr Ratnakar founded the Fair Growth group of companies before he died last year.

Meanwhile, Mr V.P. Singh, former Indian prime minister and leader of the opposition National Front, signalled on a visit to Bombay that the opposition would ensure the financial scandal figures prominently when parliament reopens on July 8. Mr Singh accused the government of not doing enough to expose those involved, and demanded a joint parliamentary committee be set up to investigate the scandal. Only then, he said, would the inquiry be free of political interference.

Belgian army cut

BELGIUM, a Nato member, is to end military conscription by 1994, a move that will roughly halve the 86,000-strong armed forces and allow big savings now the Cold War threat has gone, Reuter reports from Brussels.

Mr Leo Delecloux, defence minister, said yesterday the changes would not mean Belgium would let its Nato partners down or renounce commitments, such as taking part in United Nations' missions.

Anti-whaling nations claim IWC victory

By James Buxton in Glasgow

ANTI-WHALING nations and conservation groups last night claimed success in preventing moves among members of the International Whaling Commission (IWC) to secure approval for resumption of commercial whaling, which has been subject to a world-wide moratorium since 1985.

At the closing session of the week-long annual meeting in Glasgow of the IWC, the 39-member international body which has regulated whaling since 1946, a scientific model for calculating limits to future whale catches was approved.

This would form part of a new system for managing and monitoring resumed commercial whaling which has been developed over the past seven years and is called the revised management procedure (RMP).

However, attempts by the whaling members of the IWC, Japan and Norway, to secure the actual implementation of this calculation method as a preliminary stage to introducing the RMP were defeated by 15 to five, with seven abstentions.

The resolution adopting the new model, or algorithm, was approved by 16 of the 28 members attending the meeting, with one voting against. However, 11 countries, including the UK, abstained on the grounds that further studies needed to be made before the calculation formula was adopted.

The meeting, in a Glasgow hotel, whose entrance was permanently picketed, ended in disarray with both Norway and Japan expressing their dissatisfaction with the delays in progress towards imple-

menting the RMP.

Mr Jan Arvesen, the Norwegian commissioner, concluded his closing speech saying: "Should Norway continue to be a contracting member of the International Convention on Whaling?" He did not answer the question.

Mr Kazuo Schima, the Japanese commissioner, warned that it would be increasingly difficult to secure political support in Japan for continued adherence to the moratorium on whaling.

Although the anti-whaling countries, among which the UK is prominent, pointed to success in blocking the resumption of commercial whaling under the auspices of the IWC, whales are less safe from whaling than they were a week ago and the future of the IWC is somewhat less certain.

Mrs Gro Harlem Brundtland, Norway's prime minister, announced on Monday in Oslo that it would resume commer-



Gro Harlem Brundtland: Norway resuming whaling

Norway's prime minister, announced on Monday in Oslo that it would resume commer-

cial whaling next year, a move which it had hoped would encourage the IWC to implement the RMP. Both Japan and Norway will, in the meantime, continue limited whaling for scientific purposes, despite being requested at the IWC meeting to reconsider this policy.

Pro-whaling organisations, from Norway, Iceland and Japan, indicated they believed the battle to resume whaling is gradually being won.

They point to the fact that Iceland this year fulfilled its threat to leave the IWC, although it has yet to decide whether to resume whaling.

They also argue that Norway's decision to resume whaling has drawn attention to the belief of the IWC that there are 114,000 minke whales (the smallest of the great whales) in

the north Atlantic and 760,000 in the Antarctic Sea. "Conservationists can no longer use the phrase 'the last whale'", said an Icelandic spokesman at the IWC meeting.

The fact that Japan is to host next year's meeting of the IWC does not necessarily secure the organisation's future as the regulator of whaling, some observers believe.

Iceland announced its decision to leave the IWC after a meeting of the Commission in Reykjavik, where local opinion saw the actions of opponents of whaling.

They believe Japan could do the same if it failed to make more progress next year.

Japan and Norway could form a separate body of anti-whaling countries, a move which IWC officials tacitly concede would seriously damage the IWC's credibility.

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Delors seething at 'power-mad' jibes

David Buchan meets a much-misunderstood Commission president

JACQUES Delors puts a brave public face on the burgeoning debate over the Maastricht treaty's future.

"What is good about the period of ratification is that the Community will be better built with the informed participation of Europe's citizens than on indifference," he said in an interview with the *Financial Times*. "To build it on indifference would be to base it on sand."

Privately, he is still seething about the role of power-grabbers into which he feels some people have cast him. In particular, he contests claims that, before the Danish vote against Maastricht, he tried to use the admission of new members into the Community as a pretext to centralise more power in Brussels, and that he only became interested in "subsidiarity" after Denmark's vote.

He is still more thin-skinned to criticism than most major politicians. But he is also more insistent than most politicians on getting his own facts right. To back up a point

on northern countries' self-interest in giving the south more money, for instance, he breaks off the interview to go burrowing through his files for a figure on Iberian imports.

To questions on when/how/If Maastricht might be ratified, Mr Delors maintains a Trappist silence. Denmark's future in the EC can, he says, "only be tackled when the other 11 countries have ratified the treaty". Britain's prime minister, John Major, showed "a margin of prudence", he says, in remarking that Britain might not ratify the treaty this year.

Mr Delors is confident that his fellow Frenchmen will approve Maastricht, but is unsure of precisely what role he will play in the September referendum campaign. The French vote will be crucial, and he turns its importance against the treaty's opponents. "There are those in France who say France will disappear in the construction of Europe. But the fact that everyone is now

looking to France shows this not to be the case." He acknowledges that the Community's internal debate about Maastricht may put off some people in countries which have applied to join the EC. "They must run the same risks as us...at least they are being well-informed about what is at stake."

But Mr Delors goes on the offensive on three points:

● The EC budget. "We must have the means to carry out our ambitions," he says in support of his plan to raise EC spending by Ecu21bn (£150m) a year by 1997-9 to meet the Community's external commitments, to close the growing gap between the competitiveness of EC companies and those of Japan, and to meet the needs of southern EC countries.

Only this last goal requires genuinely new money - about Ecu5bn out of the Ecu21 bn increase - Mr Delors says. European governments would have to spend more on helping their companies and neighbour-

ing countries, even if the Community did not exist, he points out. But the Community exists and goes on growing. "You cannot give the same budget to a young man of 18 years as to a one-year-old baby."

● Economic cohesion and convergence. The link between these two issues should interest all EC states, says Mr Delors. Giving more cohesion money, or structural economic aid, to the poorer countries helps them to build their basic infrastructure, partly by buying equipment from richer EC states. Having dug out his missing figure on Iberian imports, Mr Delors says Spain and Portugal increased their purchases from other EC states by 190 per cent over 1985-90.

● Subsidiarity. Mr Delors says he has taken the initiative on this "to show people that we are not in the process of building an [EC] decision-making machine that automatically grabs more and more power". Community laws must be both necessary

and comprehensible.

But de-centralisation cannot be pushed too far. "If, in the name of de-centralisation, we were to scrap Community controls on car emissions, we would be taking two serious steps backwards - breaking up the single market and hurting the cause of reducing trans-frontier pollution." Nor, he says, should the citizen be frightened by the complexity in EC legislation, which is no greater than at the national level. "After all, every year millions of Britons fill out tax forms based on an enormously complicated tax code."

Subsidiarity has an even stronger role to play in foreign policy. The Maastricht treaty commits the 12 states to gradually taking more "common action". But Mr Delors says "we have 12 foreign policy machines, with strong traditions and geo-political interests... and this is not going to change overnight". The most striking recent freelance initiative was President Mitterrand's



Delors: thin-skinned

mercy mission to Sarajevo, straight from last week's EC summit in Lisbon. Had the French president informed Mr Delors in advance? "No, when I got back to Brussels, my wife told me she had heard about it on the radio - but I don't complain."

US Senate approves Russia aid package

By Jurek Martin
in Washington

THE US Senate on Thursday night approved the \$1.1bn (£570m) assistance package for Russia and its neighbouring republics, which is the cornerstone of the international effort to promote market democracies in the former Soviet Union.

The House of Representatives is expected to consider equivalent legislation later this month. The convincing margin of the Senate vote makes its approval more likely.

The US contribution to the international aid package had appeared in doubt prior to the visit here last month of President Boris Yeltsin of Russia, the high point of which was his powerful speech to a joint session of Congress. Until then, congressional sentiment had been in favour of first spending scant resources on US economic needs.

In the event, the Senate passed its bill by 76 to 20, with only a handful of insignificant amendments tacked on for domestic political purposes.

Simultaneously addressing internal concerns on Thursday, the House passed its version of the urban aid bill and both chambers approved an extension of emergency unemployment benefits.

President George Bush had lobbied hard for passage of the Russian aid bill, which includes authorisation for an additional US contribution to the International Monetary Fund and for the proposed rouble stabilisation fund.

The Senate action will help the president when he meets Mr Yeltsin at the end of the G7 summit in Munich next week.

Also on Thursday, the Senate foreign relations committee gave Russia its pat on the back by approving last year's Strategic Arms Reduction Treaty (Start), negotiated with the former Soviet Union and subsequently amended to take account of new political realities.

Britain and Germany cool on 'G8' suggestion

G7 brush-off for Russia

By Peter Norman in London
and Jurek Martin in Washington

GERMANY and Britain yesterday poured cold water on suggestions that Russia should join the Group of Seven industrial nations, making it a G8.

British officials said it was unlikely that all members of the group would want to expand the club. In Bonn, Mr Dieter Vogel, the German government spokesman, said it was too soon for Russia to become a member of the annual economic summit group.

On Thursday night, President Bush said he was prepared to discuss admitting Russia at next week's G7 summit in Munich. The president did not commit himself to supporting the inclusion of Russia, whose president, Mr Boris Yeltsin,

will confer with the Group of Seven leaders on the summit's last day. But he said: "I will be prepared to discuss this, making it a G8 if you will."

This did not seem, however, to be a considered policy statement. He was responding to a question at a press conference by a Russian journalist and answered, off-the-cuff, that the Russian economy was of sufficient size for the issue at least to be debated.

UK officials said yesterday that Russian entry would be premature, adding that Japan was likely to oppose such a move. Japan has outstanding territorial disputes with Russia, and the two countries still have not signed a peace treaty to mark the end of hostilities in the Second World War.

Mr Vogel said: "Russia has not yet met the economic conditions, and probably not the political conditions either,

quickly to become a member of the G8, or a member of what has been the G7 up to now."

The G7 leaders from the US, Japan, Germany, France, Britain, Italy and Canada will therefore meet Mr Yeltsin and Mr Yegor Gaidar, the Russian prime minister, for three hours of talks on Wednesday on a "G7 plus one" basis. The same procedure was adopted last year when the G7 leaders held talks with President Mikhail Gorbachev of the former Soviet Union.

Next week's G7 summit is likely to give a strong message of support for Mr Yeltsin and his efforts to push ahead with economic reform in Russia.

It is expected to support a rescheduling of Russia's official debts and the release of a first tranche of \$1bn of International Monetary Fund credits for Russia on condition that the government in Moscow puts forward clear

plans for reducing its budget deficit and inflation.

● Japanese Prime Minister Kiichi Miyazawa, pictured left, arrived in Britain yesterday on a three-day visit ahead of the summit.

Mr Miyazawa, on his first official visit to Britain as premier, will meet Britain's Prime Minister John Major, European Commission President Jacques Delors and Canadian Prime Minister Brian Mulroney during his stay in London.

In the light of a swelling trade surplus with European Community members, Mr Miyazawa is expected to explain his plans to spur a flagging economy to create markets for more foreign goods. He will also seek European support for Japan's demand that Russia returns four islands off northern Japan.

NEWS: UK

Thames to lead bid for Channel 5

By Raymond Snoddy

A CONSORTIUM led by Thames Television will deliver a bid - likely to be the minimum £1,000-a-year - for the Channel 5 franchise to the Independent Television Commission on Tuesday.

It will almost certainly be the only mainstream bid for the commercial television franchise capable of reaching 75 per cent of the UK population with conventional transmitters.

The Channel 5 Holdings consortium - which, apart from Thames, includes Sony Pictures International, the Hollywood studios group, and Canwest Global Communications, a Canadian-based international broadcaster - yesterday decided to go ahead with the project.

The decision was taken in spite of the fact that virtually every other known potential applicant has pulled out.

"If anyone bids £3,000 then they're overbidding by £2,000," said Mr Jeremy Fox, chief executive of The Entertainment Channel, a potential rival for the franchise, which produced a bid application but decided this week that the risk was too great.

The Channel 5 Holdings bid is being put together by Mr Richard Dunn, chief executive of Thames, the largest ITV company. Thames lost its ITV franchise in last year's competitive tenders.

Thames would have a 15 per cent stake in the venture - the maximum allowed if it is to have the status of an independent producer.

Channel 5 Holdings is not a fully funded venture - so a significant part of its equity would have to be raised if it were awarded the licence.

There is no guarantee, however, that the ITC will award the licence for what is one of the last opportunities in western Europe for a completely new channel using conventional broadcasting technology.

frighten off most of the potential bidders is that the eventual operator will have a legal requirement to pay for the retuning of several million home video recorders - the Channel 5 signal will cause some interference.

Sir George Russell, chairman of the ITC, has called this obligation a potential nightmare and made it clear that if he thought the ITC might be overwhelmed by complaints from video owners, he would not award the licence.

The Thames-led bid will draw on the expertise of the TV rental business of its parent Thorn-EMI to tackle the retuning, although it is still expected to cost around £50m.

Even if the retuning can be dealt with successfully, a Channel 5 operator will have to pay for its own transmitters and, in most parts of the country, persuade viewers to buy a new conventional TV set.

Channel 5 will then have to compete with the existing four terrestrial channels - and against the increasing choice offered by satellite television. The service proposed by Channel 5 Holdings would begin in London and move gradually to the rest of the country. In addition to a national service each city would have a segment of local programmes.

One other less conventional bid is possible. Dr Stephen Castell, a telecommunications specialist, said yesterday that he had not ruled out making a bid which would exploit digital technology, enabling four or five channels to be squeezed into the single Channel 5. There would be no interference problem, but viewers would need decoders to convert the digital signal.

Dr Castell said yesterday that he would finance the venture by a share offering to the public. However, it is doubtful whether Dr Castell will be able to convince the ITC that he can launch a Channel 5 service by the specified date - January 1 1995 at the latest.

Extradition proceedings continue ■ High Court backs 'enterprising' compensation scheme

Investigators dig deeper into BCCI

Richard Donkin reports on the continuing probe into the bank, shut down a year ago tomorrow



ONE year on from the day the Bank of England closed the doors on the Bank of Credit and Commerce International, many of those who helped conceal the fraud continue to evade the efforts of law enforcement agencies in the UK and the US.

Attempts by the Serious Fraud Office to interview the 18 former BCCI executives who have been detained in Abu Dhabi since September last year continue to be rejected. Abu Dhabi is assembling its own case which it wants to try in the emirate.

In the 12 months since the closure, the SFO has made three arrests and one of the main targets of its investigation is being held by police in France. The UK government has started extradition proceedings against Syed Ziauddin Ali Akbar, the former head of BCCI's treasury operations which lost \$633m in 1985 when he was in charge.

Investigators in the US are preparing a request for the extradition from Pakistan of Agha Hassan Abedi, BCCI's founder, who was indicted in the US on fraud and racketeering charges. Pakistan, however, is unlikely to accede to such a request. Mr Abedi, who lives in Karachi, has been an invalid since he underwent a heart transplant four years ago.

Neither is Saudi Arabia likely to welcome any approaches from the US seeking the arrest of Sheikh Khalid Bin Mahfouz, head of the National Commercial Bank, and a banking dynasty which maintains close links with the Saudi royal family. Through a spokesman he has described the US fraud charges unveiled earlier this week as "completely unwarranted and without justification".

Mahfouz, once the second largest shareholder of BCCI, became the second of the Arabs with close connections to the bank to face charges in

the US. The first was Ghaith Pharaon, the mercurial Saudi businessman who is believed to have spent much of his time since the bank's collapse on his yacht in the Aegean. Pharaon was indicted by a federal grand jury in Washington last November on racketeering charges connected with the purchase by BCCI in 1985 of the Independence Bank of Encino, California. He was indicted again in March in connection with an alleged fraud at Centrust Savings Bank, of Miami, Florida.

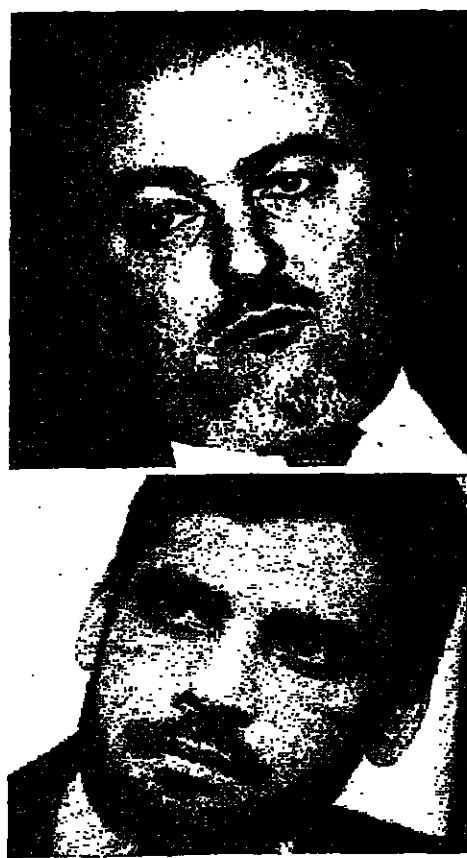
While Pharaon and Bin Mahfouz remain out of reach of the US authorities, the UK investigation has secured the co-operation of two other prominent Arab businessmen connected with BCCI.

The agreement to testify in the UK by Sheikh Kamal Adham and A.R. Khalil is regarded as a crucial development for the SFO investigation. Adham was interviewed voluntarily in the UK by the SFO this year. The SFO has also collected evidence from Khalil, a distinguished Saudi who runs a museum of art history in Jeddah.

Both men were former shareholders in BCCI and both were directors with Akbar of Capcom Financial Services, a UK company closely connected with BCCI. The US Federal Reserve Board has alleged that they helped to conceal BCCI's secret ownership of First American Bankshares in Washington.

As a result of the interviews Adham could emerge as a key witness in the BCCI cases being assembled in the UK. He has not been indicted in the US, but investigators there say he is still under investigation.

The co-operation of Adham in the UK investigation is not surprising given his long-standing relationship with the UK and the US, forged when he was head of the Saudi Arabian Intelligence during the 1970s.



Ghaith Pharaon (left), Syed Ziauddin Ali Akbar, (bottom left) and Lord Justice Bingham (below)



MPs angry at delay to Bingham

SIGNS from the Treasury that the Bingham report on the collapse of BCCI may not be published until after the Commons summer recess provoked an angry response from MPs yesterday, Ralph Atkins writes. More than 100 MPs - mostly from the Labour party - have signed an early day motion calling on Mr John Major, the prime minister, to ensure that the report is released before July 16.

The delay appears to have been caused by the complexity of the affair. When Mr Nor-

man Lamont, the chancellor, announced the inquiry under Lord Justice Bingham last July, he said he hoped the conclusions would be released before the general election. The Treasury, however, has still not received a copy of the report.

The report's conclusions are likely to be controversial. The government will publish as much of the report as possible, but will hold back parts which it considers might prejudice criminal trials or which must remain confidential under banking law.

and is thought now to be living in Pakistan. Just how much the Gokals owe BCCI is still not clear.

How much is recoverable from the collapse is difficult to gauge. Touche Ross, the provisional liquidators, has identified \$10bn of liabilities. So far it has recovered in the region of \$300m from disposals, but it has been promised \$1.7bn (£886m) for the pot from Abu Dhabi if creditors agree to waive their rights

Transfer device for deposits is upheld

By Raymond Hughes,
Law Courts Correspondent

A SCHEME to maximise the compensation payable for money lost when BCCI collapsed has been held by a High Court judge to be valid.

Sir Donald Nicholls, the vice-chancellor - the senior Chancery judge - ruled yesterday that people to whom BCCI depositors assigned parts of their deposits qualified for compensation.

He emphasised that his ruling was made on the assumption that the assignments were genuine and valid transactions and that there had been no arrangement that an assignee would hold compensation for the benefit of the original depositor.

He added that the Deposit Protection Board, which administers the compensation fund, had reserved the right to pursue such matters.

The judge said that, under the 1987 Banking Act, compensation was payable to depositors on the insolvency of a recognised bank or licensed institution. The maximum payment was £15,000, 75 per cent of a deposit of £20,000.

The judge said that when the Bank of England started winding-up proceedings against BCCI in July last year, "an enterprising firm of accountants" suggested a scheme under which a depositor would assign part of his deposit to family members or friends "who can be trusted". About 50 depositors assigned several million pounds to more than 200 assignees.

The scheme was stopped by parliament which closed the loophole with the Banking Act 1987 (Meaning of Deposit) Order 1987, which said that from July 30, 1987, a "deposit" excluded a sum to which a person became entitled after presentation of a winding-up petition. However, Sir Donald said the BCCI scheme had, as a matter of law, achieved its purpose in that it entitled assignees to compensation on those deposits transferred to them.

NEWS: UK

British Gas and Ofgas poised to clash

By Neil Buckley

BRITISH GAS and Ofgas, the industry regulator, last night appeared to be heading for a confrontation over the rate of return the company should earn on its gas transportation business.

Under an agreement with the Office of Fair Trading, British Gas is obliged to hive off its pipeline and storage business into a stand-alone company.

British Gas insists the pipeline business should earn a rate of return of 10.8 per cent on existing assets, and 6.7 per cent on new investment.

Sir James McKinnon, Ofgas director-general, has several times made it clear that he believes the current rate of return of 4.5 per cent should be sufficient for the new business, although Ofgas has not yet set an official figure.

British Gas counters that the 4.5 per cent rate was adopted as a

short-term measure to encourage competition when the transportation business was opened to third party gas suppliers in 1989. When British Gas Transportation is separate, British Gas argues, it will operate as a unit with no cross-subsidies, and so a higher rate will be necessary.

British Gas yesterday submitted to Ofgas a study by Oxford Economic Research Associates and J Henry Schroder Wagg, the merchant bank. It said the necessary rate of return

was 6.7 per cent on existing assets, and 10.8 per cent on new investment. This, the report says, was essential to:

- Enable British Gas to sustain the gas transmission and storage network.
- Ensure the company earns sufficient return on new investment to expand the network and invest in additional capacity.
- Create the incentive for an efficient system which provides gas

transportation at the lowest cost.

- Establish a fair system for customers and shareholders with non-discriminatory prices and no cross subsidies.

Sir James was unavailable for comment yesterday. Ofgas said it had not reached any conclusions on an appropriate rate of return and would consider British Gas's submission together with its own research.

Mr Philip Rogerson, managing director of group finance at British

Gas, said: "The key consideration is investment. If the reward were not great enough, we would not be able to make the investment required."

Outside analysts have also warned of the potentially damaging effect of setting too low a rate of return.

However, analysts warn that British Gas's submission was "unrealistic" compared with regulated rates of return for other utilities, which range between 5 per cent and 7 per cent.

CBI calls for change to audit control

THE AUDITING Practices Board should be moved from the control of the professional accountancy bodies and placed under the independent umbrella of the Financial Reporting Council, the Confederation of British Industry has recommended. Andrew Jack writes.

In a detailed submission to the board, the CBI opposes big changes in the existing framework of auditing, but says a change in control of the board is desirable. The submission was first made several weeks ago, but in new documents in response to the Cadbury report on corporate governance, the CBI renews its call for a rationalisation of accounting and auditing bodies.

The CBI criticises proposals to rotate audit firms or audit partners and also attacks the idea that the audit requirement for small companies should be lifted.

It says auditors could not be put under a duty to detect fraud or other illegal acts. Auditors could not be expected to act as a public watchdog without consulting a company's directors and are constrained by evidence, confidentiality and defamation.

The CBI says auditors should continue to be allowed to offer consulting services to clients and that proposals for rotation of audit firms would bring a risk of greater audit failures. It also criticises suggestions from the Institute of Chartered Accountants in England and Wales, and from Cadbury that interim and preliminary accounts should be audited.

Two-thirds of accountants believe the existing self-regulation mechanisms for auditors are inadequate and half support the idea of an independent body created by the government, a survey by Robert Half, recruitment consultants, showed yesterday.

British Midland to shed staff

BRITISH Midland Airways, the UK's second biggest air carrier, is to shed some of its 3,900 staff after a disappointing first six months of this year.

The airline plans to cut costs by 10 per cent by October. It hopes most of the losses will be achieved through voluntary redundancies and non-replacement but compulsory redundancies have not been ruled out.

Sir Michael Bishop, chairman, said: "We need to keep our cost base down and we are assuming no recovery in the economy until the spring of 1993."

The company's performance so far this year was "below plan", he said. British Midland runs short-haul services in the UK and the rest of Europe, and saw an increase of 10 per cent to 11 per cent in the number of passengers it carried over the first half of last year.

This was significantly worse than the performance of its rivals. The 22 members of the Association of European Airlines saw growth of 18 per cent for the first five months of the year on European flights.

Mandarins in the slow lane

SOME government departments are failing to answer MPs' letters promptly and meet their targets in only one case in four, according to figures for last year released by Mr William Waldegrave, public service minister.

The figures show that bottom of the league with just 24 per cent of replies dispatched within the target period was the Scottish Office. It performed only marginally worse than the Department of Transport which achieved 26 per cent.

Star performers with 92 per cent of letters answered on time were the Central Statistical Office and the Department of Trade and Industry. The CSO, however, had only one letter approximately every 10 days to deal with.

First steps of the housing recovery falter

Andrew Taylor says an end to the sales slump is as far away as ever

BRITAIN'S deeply depressed housing market looks as far from recovery as ever. Sales, which had shown promise of picking up earlier in the year, have faltered in the past six weeks according to housebuilders.

Tarmac, Britain's biggest housebuilder, says: "Sales in May and April were very poor." Mr Tony Pledgey, managing director of Berkeley Group, says that conditions in the housing market are now slightly worse than a year ago.

The group has managed to boost its profits by taking advantage of cheaper land which, in parts of southern England, has more than halved in price since the peak in the housing market in 1988.

Other housebuilders, which raised borrowings to buy expensive land at the end of the 1980s, have been hit as badly as the people who bought the homes. Sales - and prices of property and land - have fallen sharply.

Mr Robert Seller, chief executive of loss-making Y.J. Lovell, which earlier this year was forced to renegotiate its financing arrangements with banks, estimates that house prices have fallen by a further 5 per cent since September.

The failure of the market to respond to lower prices and mortgage interest rates means

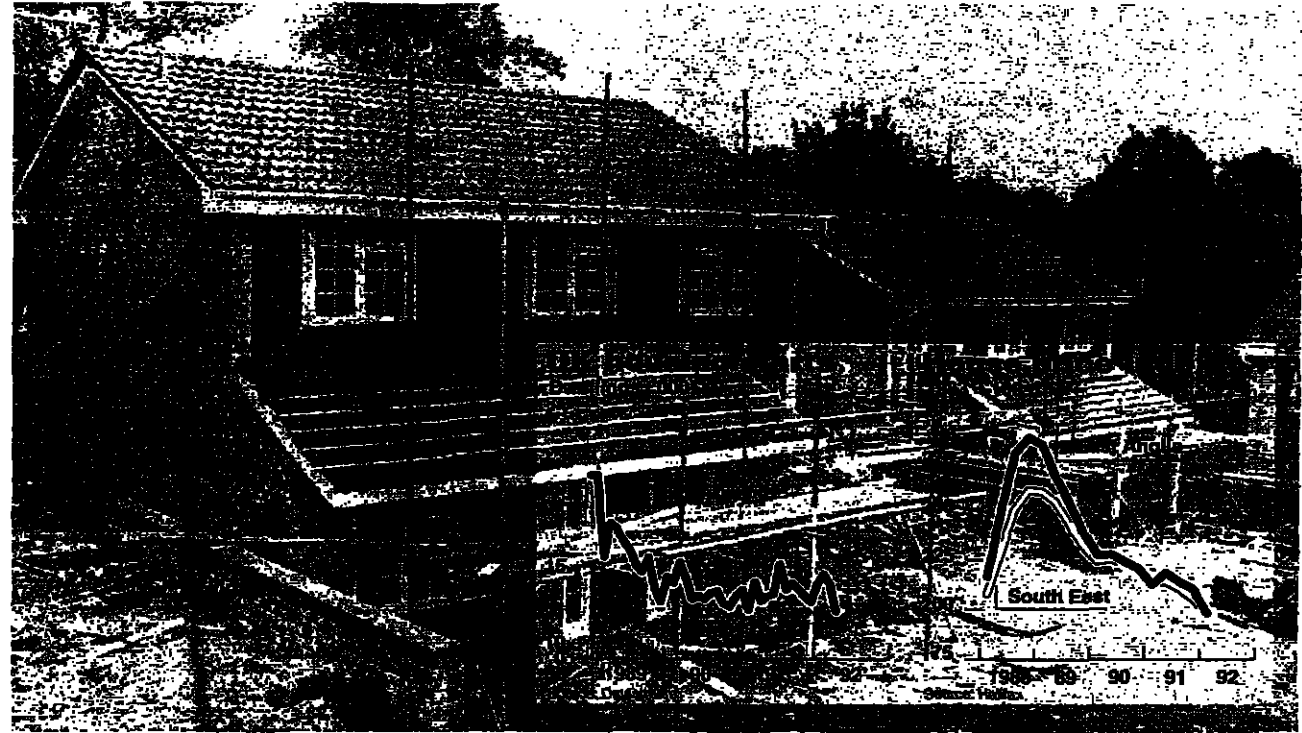
that, nearly four years after the market peaked, families are still struggling to sell homes which in southern England are worth on average a quarter less than the prices paid for them in 1988.

It is not unrealistic to suggest that some people may have to wait until the next century before getting their money back in nominal terms. In real terms, after adjusting for inflation, they may never recover their losses.

Concern over the plight of the housing market has prompted Conservative MPs to sign a Commons motion calling on the government to extend its eight-month "holiday" on stamp duty which is due to run out next month.

Housebuilders, while throwing their weight behind the move, fear it will do little to lift the market out of its slough. One depressed executive says: "Let's face it, sales should be picking up by now if stamp duty was really making any difference."

Prospects for a recovery getting under way this summer are diminishing. April, May and June, before the school summer holidays start, are usually big months for house sales. With the holidays almost upon us indications are that purchases may be even lower



THE NUMBER of housebuilding starts fell 4.8 per cent in May compared with the same month last year, the Department of the Environment announced yesterday. According to provisional figures, 14,400 dwellings were started against 15,100 in May 1991. Completions numbered 11,800 compared with 14,500. In the three months to the end of May, 43,200 dwellings were started, a fall of 1 per cent on

the same period last year. Completions were down 9 per cent at 38,100.

The seasonally adjusted figures show that in the three months to the end of May total starts were down 2 per cent compared with the previous three months, while total completions were down 1 per cent.

Private enterprise starts were down 7 per cent and completions were down 4 per cent.

Housebuilders, which have been offering substantial discounts and sales incentives, fear that any increase in prices is unlikely to arise before the end of next year given that sales need to climb substantially before any recovery in prices can begin.

Assuming that prices after next year rise at an average annual rate of 5 per cent - which seems reasonable given growth restraints likely from UK membership of the ERM - it would not be until the year

2000 that average prices in south-east England returned to their 1988-89 peak.

For families who bought homes in East Anglia, where prices have fallen by an average of 30 per cent since the beginning of 1989, the wait could be even longer. Some of these people, who took out 100 per cent mortgages, will be trapped in homes which will be worth less than money borrowed to buy them.

Such fears only underline confidence further. Halifax, the country's largest mortgage lender, says that the biggest single factor holding back a recovery is concern over rising unemployment and the state of the economy. It hopes there will be some recovery in sales in the second half of this year leading to a gentle rise in prices next year - but those hopes must now be receding.

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Minister says Scots must back policies

By James Buxton, Scottish Correspondent

THE government must frame policies which are not only good for Scotland but which are acceptable to most Scots if the union is not to lose sympathy and support, a senior Scottish Office minister said yesterday.

Lord Fraser of Carmyllie, minister of state for Scotland, said he believed Scotland would now "enter a post-devolution era" following general election defeat of the Labour party, which had proposed a devolved Scottish parliament.

The credibility of Labour's devolution proposals was in tatters and the Scottish party had split into factions ranging from those who wanted to play down the constitutional issue to those who were crypto-nationalists, Lord Fraser told Conservatives in Nottingham.

He added that the threat to the union would return "unless we deal with the perceived grievances and concerns which caused it to appear in the first place". The Conservative's success in the election had given the party "a tremendous opportunity to make a new start in Scotland".

Lord Fraser, who has responsibility for constitutional affairs in Scotland, gave no indication of any new ideas the government is considering for the government of Scotland.

Mr John Major, the prime minister, has said the government is "taking stock" of the issue.

As an illustration of the government's new approach to running Scotland, Lord Fraser said that the test for membership of health boards and of health trust boards would be "real skills, drive and determination to provide first-class health in the 1990s".

This was taken as a signal that the government would no longer confine appointments to health boards to people with Conservative sympathies, as has happened in the past few years.

Top pay has risen faster than average earnings

By David Owen

THE PAY of some groups covered by the Top Salaries Review Body has risen faster than the increase in average earnings since 1979, when the first Thatcher government was elected.

The disclosure comes as the cabinet prepares to discuss the latest report from the body, which is said to recommend substantial rises for senior civil servants, military personnel and judges.

New Treasury figures show that the pay of the head of the Civil Service, the chief of defence staff and of senior circuit judges has risen by 338 per cent since 1979, compared with

an increase of 318 per cent in average earnings.

Last year the weekly salary of Sir Robin Butler, the head of the Civil Service, was £3,006.70 - on a par with Field Marshal Sir Richard Vincent, chief of defence staff, or some seven times average earnings of £294.70 per week.

In 1985, the last time there was a thorough review, the pay of those covered rose by between 7 per cent and 46.3 per cent. The government's Commons majority of more than 100 was slashed to just 17 on a vote on the issue.

The cabinet decision on whether or not to accept the pay review body's recommendations must be announced to

MPs in the next two weeks, before the summer recess. Senior Tory backbenchers have made clear their concern that the increments should not be substantial.

The Treasury information came in a Commons written answer to Mr Michael Meacher, shadow social security secretary. Mr Meacher said yesterday that Labour would regard government approval of increases of anything like 30 per cent as "absolutely outrageous". The party would oppose such a measure with a three-line whip in any debate.

"At a time of slump it is provocative for those on the high pay to take more than the average increase," he said.

MPs win spurs on finance bill

Emma Tucker reports on how Labour has found a sharper edge in committee skirmishes

LABOUR'S demoralised front bench may have lost its pre-election energy but this has not stopped a handful of backbenchers engaging in vigorous opposition.

Over the past 10 days a number of recently elected Labour MPs have made their debut on the standing committee on the finance bill - the legislation which implements the Budget.

The sittings yielded little excitement this year. The most interesting elements of the Budget, such as the new 20p tax band, were dealt with before the general election. But a Conservative majority of only two on the 34-member committee - reflecting the balance of the House - has given Labour a sharper edge.

Mr John Hutton, the youthful new MP for Barrow-in-Furness, said: "The committee provides us with an opportunity to show the Tories that the Labour party is not a busted flush and that we are not prepared to lie down and let them roll over us. We are showing the government that if we choose to, we can make it very difficult for them."

Over the two weeks that the committee was sitting the opposition adopted the usual tactics of demoralisation through exhaustion. Conservative members were instructed to keep interventions to a minimum, so Labour effectively dis-

tated how long the proceedings ran. During the first week of discussions, two of the committee's three sittings ran until 4am. This week, one ended at 7.45am.

Mr Nick Brown, shadow financial secretary to the Treasury, said the Opposition's main role was to make sure the Budget was properly scrutinised. But he confessed to a certain amount of "skirmishing and gamesmanship".

He said: "It is only right for us, the Opposition, to explore the possibilities and see if we can persuade any Conservative to break ranks."

The proceedings have ended with no upset for the government. The 83-clause, 170-page bill is now scheduled for its final Commons stages next week. However, if the opposition failed to defeat any clauses or impose amendments, new MPs did get the opportunity, so rare in the chamber, to practise their debating skills.

The dozy afternoon sessions were taken up with long speeches that roved through the rubble of Sheffield's old industrial zones, Dudley's des-

erted town centre, the smoky rooms of Barrow's working men's clubs, and the steel sites of Wolverhampton.

Mr John Watts, Conservative MP for Slough, who has sat on the committee since 1984, said: "I think the opposition decided the committee was a chance to give some of the bright new members a bit of a bleeding - a chance to earn their spurs."

The new Labour terriers include the moustachioed Mr Geoffrey Hoon, MP for Ashfield, and eloquent speaker on Europe. He sat next to Mr Peter Mandelson, Labour's former campaigns director and now MP for Hartlepool, whose frequent references to the Hartlepool Marine soon found their way to the newsdesk of the Hartlepool Mail.

Mr Clive Betts, MP for Sheffield Attercliffe, leapt to his feet at every opportunity while ginger-haired Mr Ken Purchase, MP for Wolverhampton North-East, championed the Black Country. Mr Alan Millburn, the dapper MP for Darlington, spoke often, and at

Shock at Commons Lloyd's motion

By Andrew Jack and David Owen

LLOYD'S professionals yesterday reacted with surprise to being named in the House of Commons in connection with the losses on the reinsurance spiral.

Mr Peter Hain, Labour MP for Neath, south Wales, used parliamentary privilege to allege that two members of the inquiry into the insurance market, chaired by Securities and Investment Board chairman Sir David Walker, had "claimed millions of pounds" on the LMX - London market excess - spiral.

In an early day motion he said that Mr John Lock and Mr Leslie Lucas, both of whom served on the Walker committee, had claimed money on the spiral, the controversial reinsurance system in which syndicates and companies trading in London reinsure each other's exposures to catastrophe risks.

Mr Hain's motion named other senior Lloyd's figures in the context of LMX business. The motion called for a "full public and independent inquiry into the market, together with its proper regulation by statute".

Mr Leslie Lucas, chief executive of Norwich Winterthur Reinsurance, said that he was "astonished" to be named in the motion. He added that his company had claimed but also paid millions of pounds in connection with the spiral.

Lloyd's called Mr Hain's motion "irritating" and said: "If nothing else it demonstrates his complete lack of understanding of the London insurance market."

The text of Mr Hain's motion said that "the Walker report into the Lloyd's insurance market does not reveal the extent to which five members of the Lloyd's Council, who manage syndicates, used the LMX 'dustbin' syndicates for their own reinsurance to the tune of £283.5m, nor that Stephen Merritt has losses on his syndicate of £280.8m, which he has unloaded onto the LMX 'dustbin' syndicates to the extent of £229.8m, nor that Alan Jackson had a loss of £93.5m and claimed £122.5m from his reinsurers".

The motion added that the report also had revealed that "members of the Committee of Lloyd's caused and actively encouraged the enormous growth in LMX business".

Meanwhile, Lloyd's confirmed that the extraordinary general meeting which is to be held on July 27 would lead to a postal ballot of at least 50 members present at the meeting called for one.

Its response followed concern from some disaffected members that the individuals whose assets back the market - that Lloyd's was backing down from permitting a ballot to take place.

Lloyd's governing council faces votes of no confidence at the extraordinary meeting following the disclosure of £228 losses in 1989.

length, about the north-east, while Ms Barbara Roche, one of the three female members of the committee, wove together the links between the film industry and her London constituency of Hornsey and Wood Green.

The Tory members, led by the no-nonsense financial secretary Mr Stephen Dorrell, had less fun. There was only one new face on their benches - Ms Judith Chaplin, MP for Newbury - who sat quietly scribbling through most of the proceedings.

Occasionally the older Conservative hands retaliated over matters such as inheritance tax or the business expansion scheme. Some, such as Mr Watts, even introduced amendments. But most of the time they sat glumly opening piles of letters under the stern gaze of Mr Tim Wood, the government whip.

All 18 Conservative members - picked more for dependability than their urge to scrutinise the economy - were present at every session and they never did break ranks.

Perhaps Mr Brown was right when he remarked at the beginning of the first session: "Some Conservative members may feel that their contribution to the committee is confined to nodding and waiting and that they are wanted more for their bodies than for their minds."

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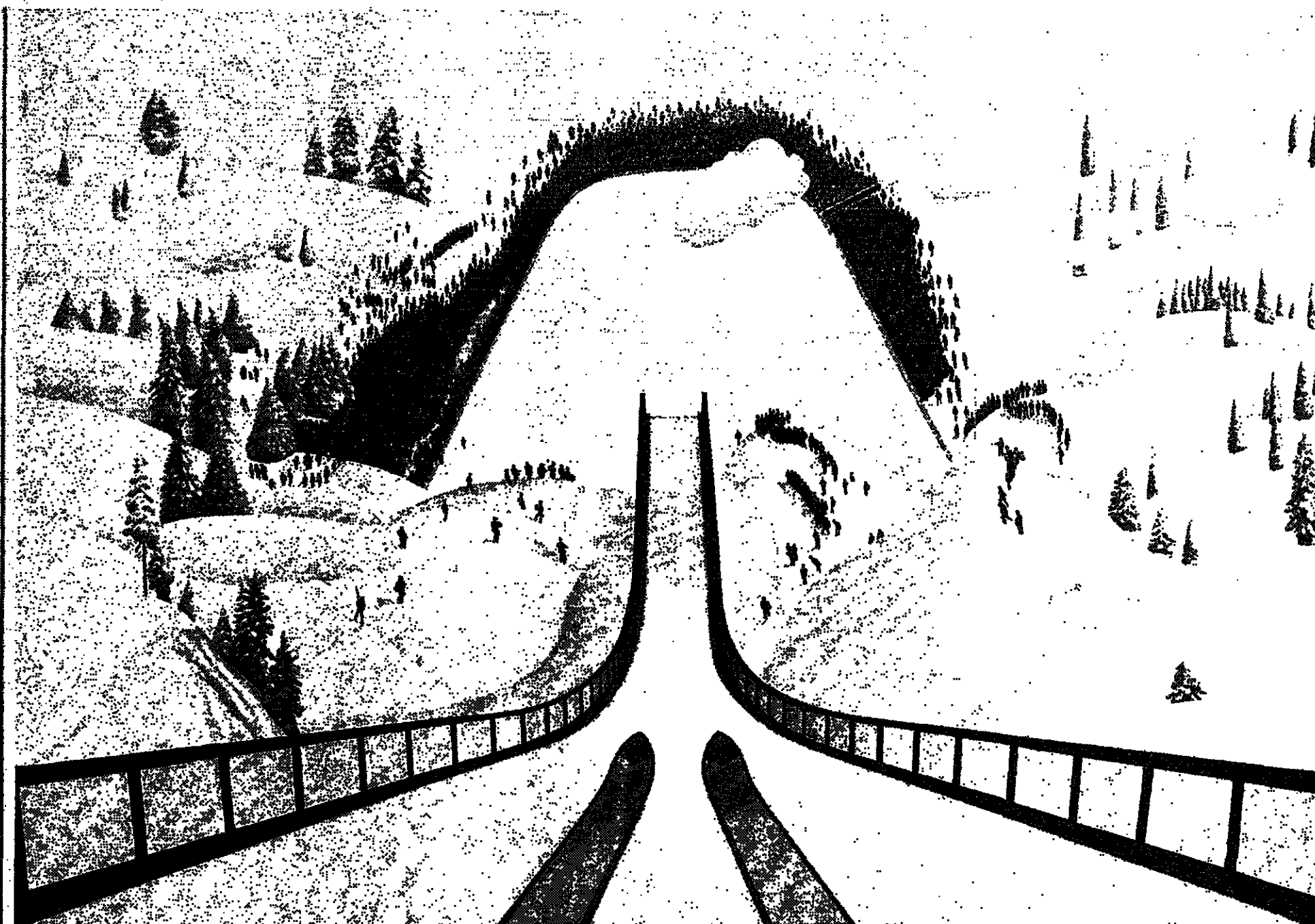
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Saturday July 4 1992

The troubles of the G7

IN THE kingdom of the blind, the one-eyed man is king. It is only by comparison with Boris Yeltsin, the proud beggar whom they will meet next Wednesday, that the leaders of the Group of Seven industrial countries seem king. By most other standards their state is much reduced.

US president George Bush, leader of the "sole remaining superpower" must wonder whether he will even be at the next summit. Last year's victor over Saddam Hussein is reduced to hoping, against reasonable hope, that the Germans and Japanese will do enough to help the Federal Reserve purchase the votes of the American electorate. After the jump in the unemployment rate to 7.8 per cent last month, hopes are less bright. The response of the Federal Reserve, another half a percentage point cut in short term US interest rates, is unlikely to make a timely difference.

Mr Bush will not find rescue abroad. Mr Miyazawa, the Japanese prime minister, is still more enfeebled than Mr Bush. The Japanese stock market has declined by 60 per cent from its peak, the economy has slowed sharply and sluggish growth means that the controversial current account surplus is likely to be close to \$100bn (\$23.2bn) this year.

All Mr Miyazawa could do is arrive with a carefully packaged fiscal initiative of ¥7,000bn (\$59bn) to ¥8,000bn for later this year. At around 2 per cent of gross domestic product, the boost seems substantial, but there is less new stimulus than meets the eye. Even if not too little, for Mr Bush the package comes far too late.

Germany will be no more helpful. The German federal government this week announced a tight budget for 1993, along with a plan for limiting the increase in its spending over the next four years to 2½ per cent a year in money terms. But the implied promise of steadily falling public spending in real terms is barely credible.

The German government hopes its budget will open the way to lower interest rates. But Mr Weigel, the German finance minister, can only propose; the Bundesbank disposes.

Wage increases

Yesterday, Mr Otmir Issing, the Bundesbank's chief economist, pointed discouragingly to excessive German wage increases and the rapid growth of D-Mark M3, the broad money aggregate that the German central bank targets. Monetary growth must first fall, he insisted, if interest rates are to be cut.

The other European leaders can only hope that the US succeeds in persuading the Germans to relax monetary policy. Their chances are poor. If German interest rates

do not fall quite soon, however, the malady of the Italians is likely to become critical, that of the British chronic.

What a fall from grace this has been for those who appeared only two years ago to be masters of the universe. The world economy is struggling in the toils of private sector debt deflation. The European economy is struggling in the toils of German unification. The UK, with that astuteness for which it has long been noted, is struggling with both: German interest rates and American indebtedness, a combination to sadden the heart of chancellor Norman Lamont.

Structural deterioration

When the world runs out of creditworthy private borrowers, it makes sense for the public sector to put itself forward. Over the last three years, public sectors have certainly not been backward in coming forward. But one can have too much of a good thing.

According to last week's OECD Economic Outlook, the fiscal stance of every G7 country, bar Canada, has shown either no improvement or a structural deterioration since 1989. In Japan, France, Italy and the US that structural deterioration has been less than 1 per cent of GDP. In the case of Germany, the deterioration of more than 4 per cent of GDP has the good excuse of unification. Once again the UK is the dunce, with a structural deterioration of almost 2 per cent of GDP.

With debt deflation making low real interest rates essential and fiscal deterioration helping to keep long term real interest rates up, prospects for strong recovery are modest. Low short term real interest rates are necessary. But not only do they not appear to be enough; in Europe they are not even available.

Little then can be expected from the gathering in Munich of weak leaders, presiding over feeble economies. This does not mean that the meeting will be entirely useless. A gesture in the direction of Mr Yeltsin can at least be expected.

Unhappily, the leaders of the G7 have built up a reputation for ineffectiveness where they ought to have been effective. Mr Helmut Kohl has said that the summit should increase investor and consumer confidence. As the leaders knew when they met in Houston in 1990 and in London last year, the best way to increase confidence would be to ensure agreement in the Uruguay Round of multilateral trade negotiations. If they are unable to deliver on that promise where they are in direct control of the outcome, it would be foolish to expect more on overall economic performance, where they are not.

President F.W. de Klerk and Mr Nelson Mandela this week gave notice that the battle for post-apartheid South Africa is about to begin in earnest.

Amidst a welter of often vituperative exchanges between the two leaders and their lieutenants, the fragile truce established when Mr Mandela walked to freedom two and a half years ago has finally collapsed. It may yet be restored if wiser heads prevail, whether within South Africa or from outside. But unless that happens very soon, industrial strife and bitter confrontation on township streets and city centres, seems inevitable.

President de Klerk's anxiously awaited television appearance last Thursday evoked memories of an earlier watershed in the country's history. Seven years ago South Africa and the world watched their screens to see whether Mr de Klerk's predecessor, Mr P.W. Botha, would cross the Rubicon and press ahead with reform. He did not and his finger-wagging, pugnacious television performance triggered the worst crisis since Sharpeville. Mr Botha rejected majority rule and retreated into the political cul de sac from which Mr de Klerk still has to escape.

He has yet to show that his insistence on a power-sharing agreement can be reconciled with Mr Nelson Mandela's demand for majority rule. "We were very close to reaching an agreement" he told his television audience on Thursday night "which would have led to the first election in which all South Africans would have voted." Within months, Mr de Klerk continued, South Africa could have had an interim government and a transitional constitution ensuring the rights of all and which "would have prevented domination and the abuse of power."

It would be difficult to find a member of the ANC who would agree with this assessment. On the contrary, Mr de Klerk's unrepentant stance on Thursday night will have confirmed that little, if anything, has changed to narrow the gap between the two sides. Far from backing away from his concept of power-sharing Mr de Klerk made it clear that he believes it is a viable option.

For a man confronted with the most serious crisis of his career, Mr de Klerk looked somewhat remarkably confident. It was as if he believed that in South Africa's hour of need he could play the role of a statesman, addressing his message over the heads of squabbling political leaders to a silent majority yearning for reassurance that peace and stability were within reach.

"I appeal to all South Africans, wherever you may be, whatever community or party you may belong to, be calm and responsible," Mr de Klerk urged. "Say 'No' to those who try to incite anger and hatred. Say 'No' to any act or deed which will endanger your job or your security."

For most observers with experience of the mood and circumstances of Johannesburg's black townships, the "just say no" appeal seemed risible. Yet Mr de Klerk has experienced that anger at first hand. Furious residents of Boipatong, scene of the massacre of 42 residents last month which precipitated the current crisis, drove the president away when he attempted to convey his sympathy.

Mr de Klerk, however, had an explanation: it was not a spontaneous response but a politically organised protest by his listeners. If Mr de Klerk believes that he would otherwise have received a sympathetic and appreciative welcome, he is misreading the township mood.

But while Mr de Klerk was playing statesman on television he was also preparing for the elections that he believes lie ahead. On the morning of his address to the nation, he consolidated his own alliance with Chief Gatsha Buthelezi, leader of the predominantly Zulu Inkatha Freedom Party whom he met with other conservative black politicians. Later that day, he sought to drive a wedge between the coalition led by Mr Mandela.

It took the form of a memorandum to the ANC leader, putting the government's formal reply to the organisation's terms for the resumption of talks at the Convention for a Democratic South Africa (Codesa). It provided stark confirmation of Mr de Klerk's political game plan, based on a seemingly unshakable belief that - provided the ruling National Party plays its cards right - it will remain central to the government of South Africa.

Going on the offensive, he angrily accused the ANC of responsibility for political violence and warned that "mass mobilisation" could jeopardise stability. More important, he singled out for attack two of the ANC's most important allies - the Congress of South African Trade Unions (Cosatu) and the South African Communist Party - accusing them of seeking to foment an "insurrection".

With the current round of Northern Ireland talks intended to be private, Sir Patrick wants to limit public utterances. Yet he says that ultimately the Northern Ireland secretary has to work himself out of existence. "My job is to relieve the people of Northern Ireland of the indignity of having their local affairs governed for them by Westminster ministers. It is an indignity, it is an affront and I also think it is an absurdity."

He is also surprisingly ambitious about what might be achieved by political talks, apparently rejecting any suggestion that Northern Ireland could be ruled like any other part of the UK.

Since 1972, when the Unionist-dominated Stormont parliament was dissolved, the UK government has tried to enable Northern Ireland to become self-governing, "to the extent at least that it was when Stormont had jurisdiction". It is probably too much to expect Sir Patrick to get that far. Only a month is left before the time set aside for the talks expires. A new political settlement - if one can ever be achieved - will almost certainly require a fresh set of talks later this year. And, probably, another after that. Sir Patrick's high spirits will be tested.

Further confrontation may be on the way in South Africa, writes Michael Holman

Post-apartheid gulf widens



De Klerk (left): the fragile truce established on the release of Mandela (right) has collapsed

Even during the most cordial period in relations with the ANC, government ministers have expressed deep unease about forming a coalition with a party with such supporters in its ranks. In his memorandum to Mr Mandela, the South African president effectively spelt out the fact that, as presently constituted, an ANC/National Party coalition is ruled out.

Critical to his strategy of appealing to the silent majority over the head of the ANC, however, is the question of whether Mr de Klerk has read the mood of the townships and the black community as a whole accurately. Many observers believe that like other white leaders before him he may be underestimating the strength and passion of African nationalism.

Nowhere was this more clearly displayed than earlier in the week when the ANC-led coalition assembled in Boipatong's football stadium to lead the mourning for the victims of the township massacre. Old rivalries between the ANC and the radical Pan Africanist Congress (PAC) were set aside as speaker after speaker, led by Cosatu's fiery general secretary, Mr Jay Naidoo, endorsed the call for "mass action" - a series of strikes, demonstrations and acts of civil disobedience designed to force Mr de Klerk to capitulate to majority rule.

"Every time when we try to negotiate, they tell us to go to hell," said Mr Naidoo. "We will take them to hell with us," he declared to roars of approval.

This apocalyptic vision may be distant. Mr Mandela has to take into account the fact that many black South Africans, notwithstanding their impatience for change, will be apprehensive at this prospect. On the other hand, those to whom it appeals, notably the young generation of jobless blacks may well conclude that the veteran, essentially moderate ANC leader should be supplanted by somebody more radical.

Adding to Mr Mandela's predicament is the fact that aside from mass action he has few weapons to bring to bear; the ANC's guerrilla army poses no significant threat while the prospect of a resumption of trade sanctions is at best remote.

Mr Mandela believes he can veto Mr de Klerk's strategy by refusing to cooperate with Mr de Klerk.

It also remains to be seen whether the ANC campaign can be sustained in the face of high unemployment and the security forces which Mr de Klerk has made clear will be vigorously deployed. And even as the two sides were preparing for confrontation, influential voices of alarm were starting to be heard. In Cape Town yesterday, where earlier this week police fired on demonstrators on a mass march in the city, Archbishop Desmond Tutu was expressing concern about the wisdom of mass action. "I am worried," he said. "Having marched,

what then? It's impressive but, in a way, so what?" "I am not entirely persuaded that the ANC and its allies would always be able to ensure that these demonstrations are peaceful."

Some observers also believe that the gap between the government and the ANC over terms for the resumption of Codesa talks has, despite the future, been closing. Mr de Klerk has moved some way towards meeting the ANC demand for an international commission of inquiry into the Boipatong massacre. Two legal experts from abroad have joined the Goldstone Commission, currently inquiring into township violence including the Boipatong tragedy, while the local police investigation will be subject to external evaluation.

Other demands, including an end to alleged covert security force operations and a ban on carrying dangerous weapons in public, are in principle at least not resisted by government.

But even observers inclined to a charitable view of the government's role in township violence acknowledge that Mr de Klerk needs to put principles into practice. The disclosure that former members of a notorious counter-insurgency unit are now part of police unit reinforcements speculation about government involvement in political killings. Nor has government's reluctance to disband the equally notorious 32 Battalion and which has been strongly criticised by the Goldstone inquiry, inspire confidence.

For most black South Africans and many whites, Mr de Klerk's renewed denial of government complicity in violence does not carry weight. At least one senior western diplomat has concluded that Mr de Klerk's handling of the issue to date suggests that the president is either "complicit, incompetent or complacent".

Only Mr de Klerk's fiercest detractors suggest the former, but very few people can now convincingly defend him against the other charges. "What Boipatong has shown, above all, is the cost of a police force which nobody trusts, which does not investigate itself with vigour, which cannot prevent its own members from opening fire at the most disastrous moments, which will not disband its covert units," wrote Ken Owen, editor of the Sunday Times.

Western diplomats, once reluctant to advocate external involvement in South Africa's search for peace, are coming to the conclusion that the time may have come for a United Nations, Commonwealth, or European Community role. Chief Emeka Anyaoku, the Commonwealth secretary general is already in town. Mr Douglas Hurd, the British foreign secretary, is expected to lead a "troika" of Community ministers on a fact finding visit within the next three to four weeks. And Mr de Klerk on Thursday said he would consider creating a joint monitoring body on violence, on which representatives of the international community might serve in an "observer capacity".

Western diplomats take cautious hope from this tentative offer, to which the ANC has yet to respond. But they remain deeply apprehensive about stepping into the South African minefield. "We might be prepared to help monitor a peace agreement adopted by de Klerk, Mandela and Buthelezi," said one, "but they must first make peace."

Such is the climate of distrust and hostility, however, it is difficult to see South African politicians managing to reconcile their differences without the help of outsiders.

MAN IN THE NEWS: Sir Patrick Mayhew

Ulster's big man lets himself go

Usually urbane and upright, Sir Patrick Mayhew, Northern Ireland secretary, has this week been restless and in peculiarly good humour.

He chuckled before television cameras with Mr David Andrews, Irish foreign minister, in Winston Churchill's old Admiralty room, now occupied by the Northern Ireland Office, he cannot sit still.

Only three months in the job, after nine years' service as solicitor-general and then attorney-general, the former barrister has a mischievous confidence. "I never wanted to be a law officer... I came into politics to get away from the law," he laughs.

His cheer is understandable. Northern Ireland's wretched politics has taken a rare step forward. On Monday, Unionists, nationalists, and the Irish and UK governments will gather in London for the most wide-ranging discussion on the province's future since partition in the 1920s.

The breakthrough is, in large part, Sir Patrick's achievement. His predecessor, Mr Peter Brooke, constructed a complex talks programme that nine weeks ago allowed nationalist and Unionist to return to the conference table.

But Sir Patrick has this week coaxed the recalcitrant and suspicious participants to agree sufficient common ground for the Irish government to enter the negotiations. A chink of brightness has crept beneath Northern Ireland's gloomy history of failed political initiatives and unceasing terrorist killings.

Whitehall insiders wonder whether Northern Ireland politics has entered a new chapter. UK

Prime Minister John Major is not passionate over the direction Ulster should take, but he is determined to find a negotiated solution and has a warm relationship with Mr Albert Reynolds, Irish prime minister.

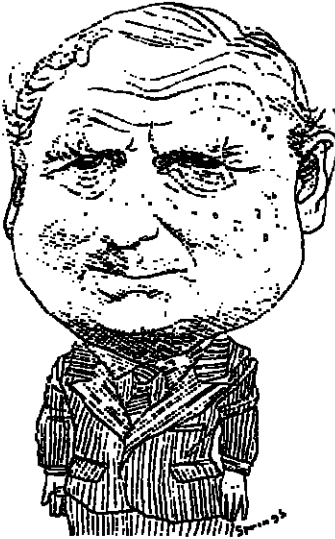
Sir Patrick is more a pragmatist than a visionary. He is unusual among Tory Northern Ireland secretaries in having expressed to an interest in the position before his appointment. Oppressive personal security and the intransigent politics usually deter thrusting ministers.

But Sir Patrick has a strong sense of duty and propriety. During the "Westland crisis" in 1986 he demanded a full inquiry into the leaking by the Department of Trade and Industry of advice he sent to Mr Michael Heseltine, then defence secretary. Law officers' advice had to be confidential, he insisted.

Colleagues report that he is a courteous, straight-backed English gentleman. He chooses a hard chair to fidget on, not the soft-leather settees in his office. His first press conference as Northern Ireland secretary was taken standing up.

Sir Patrick describes Northern Ireland's politicians as "engaging" - not an adjective that springs immediately to the minds of many Westminster politicians. Aged 62, the patrician air is enhanced by a rounded face, swept-back silver hair and his height. His national service army paybook said 6ft 4½in - two inches taller than the Rev Ian Paisley, the rumbustious leader of the Democratic Unionist Party and hitherto undisputed "big man" of Ulster politics.

The voice is polished but Sir Patrick is not pompous. His first instruction at meetings this week with the participants in the talks



was to take off their jackets. He is businesslike, responding to flippancy with a drawn-out, condescending "yea-a-a-s". He is strongly Christian, but believes religion and politics have to be kept apart.

In spite of his "Paddy" nickname, Sir Patrick fears his Irish background is overplayed. His mother came from an Anglo-Irish Protestant family, which had been based in County Cork since 1263. But he was born in Berkshire, England, educated at Tonbridge School and Oxford. As MP for Tunbridge Wells, Kent, since 1974, he did not make a speech on Northern Ireland before taking office and first visited the province in the 1980s.

More significant than his national identity, perhaps, is his family's familiarity with public service, which helps Sir Patrick fit into a job once described by Pravda as a "colonial pro-consul". A great grandfather was a first lord of the admiralty; a grandfather had a ceremonial post at the British viceroy's court at Dublin castle.

His Irish roots have led to confusion among participants in the talks about his attitudes to Northern Ireland - a fog that may pervasively have helped in recent weeks and which he has shown little inclination to clear.

Irish diplomats were initially sceptical. As attorney-general, he presided over fierce rows between the UK and Ireland over extradition, and upset nationalists by refusing to prosecute Royal Ulster Constabulary officers for alleged "shoot to kill" offences.

But his appreciation of Irish history has forced a reappraisal. "He may be a southern Irish Unionist but, first and foremost, he is a Cork man," says one Irish official.

Unionists have similarly mixed feelings. They like his dedication but are not convinced of his motives. Southern Ireland Anglo-Irish families "are the sort of people who run up the Union Jack one day and then the Irish tricolour the next," says a Unionist MP.

With the current round of Northern Ireland talks intended to be private, Sir Patrick wants to limit public utterances. Yet he says that ultimately the Northern Ireland secretary has to work himself out of existence. "My job is to relieve the people of Northern Ireland of the indignity of having their local affairs governed for them by Westminster ministers. It is an indignity, it is an affront and I also think it is an absurdity."

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Ralph Atkins

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Next week's Group of Seven economic summit in Munich is almost certain to decide second-best solutions for the world's most pressing problems.

The leaders of the US, Japan, Germany, France, Italy, Britain, Canada and the European Commission (which also takes part in most of the talks) are gathering against the background of a weaker-than-expected world economy and an increasingly worrying slide in economic reform efforts in Russia and the other states of the former Soviet Union.

Their two overriding objectives will be to boost business confidence in the industrialised world and help as far as possible with economic and social transformation of the former communist countries and their integration into the mainstream world economy.

While they may make some progress, the solutions chosen will probably be less than optimal. Each of the G7 countries has pressing political or economic concerns at home that are making them inward-looking and which impose limits on their willingness and ability to co-operate.

Although the summit theme is about shaping a new international partnership between the former communist countries and the developing world, there is unlikely to be significant

All set for a second-best summit

Peter Norman examines the prospects for next week's G7 meeting

cant progress on the Uruguay Round of trade liberalisation talks, which is the one issue that could help all.

This year's summit host, Chancellor Helmut Kohl of Germany, has ordered a lean agenda and a short final communiqué in an attempt to focus the summiters' discussions. On Wednesday, after the formal close of the economic summit, Russia's President Boris Yeltsin will join the group for lunch and further discussions in the afternoon.

Although there is always a risk that global political problems such as the bloody civil war in Yugoslavia will hijack the summit, Mr Kohl is determined that the meeting should live up to its name. The two-day summit will therefore focus on economic issues and cover:

- world economic developments, and especially the need to enhance the growth prospects of the leading industrial countries;
- how best to help the states of the former Soviet Union overcome growing economic crisis and restore democracy;
- the difficult progress of eastern Europe towards pluralism, democracy and the

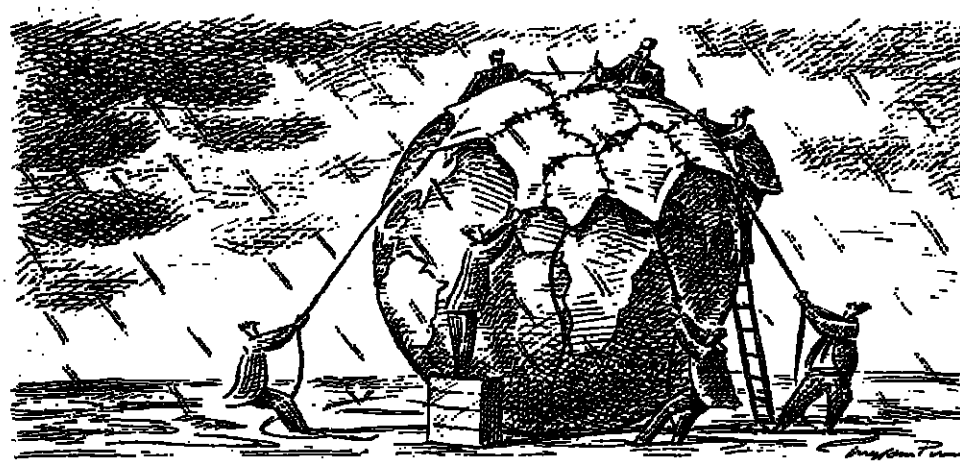
market economy;

- co-operation between industrialised and developing countries;
- the follow-up to the recent Earth Summit in Rio de Janeiro; and
- plans to make safe Soviet-designed nuclear power stations in the former USSR and eastern Europe.

The striking thing about the summit agenda is that the first four points would be greatly advanced by a breakthrough in the long-running Uruguay Round trade talks. Freer trade and an end to the negotiating stalemate could also provide the boost to confidence that the world economy needs.

But, although last-minute surprises cannot be ruled out, all the indications over the past week argue against a solution to the deadlock between the European Community and the US on agricultural trade at the summit. While the main players, such as Mr James Baker, the US secretary of state, and Mr Frans Andriessen, the EC's chief trade negotiator, will be in Munich, pre-summit briefings have deliberately lowered expectations. US

officials and Mr Horst Köhler, the German government's sharp-charged with preparing the summit, have pointed out that a gathering of government leaders is not the forum for complex technical negotiations.



help the former communist nations and the third world. These measures have been falling into place over the past week. The US cut its discount rate by half a point to 3 per cent, its lowest level since 1983. Japan's ruling Liberal Democrat Party has proposed the introduction of an economic growth package that could total between ¥6,000bn (€25bn) and ¥10,000bn later this year. Germany announced a strict 1993 budget and four-year savings plan that is intended

to pave the way for lower interest rates eventually. But it offers no relief to Germany's partners in the European Monetary System which are forced to follow the Bundesbank's high interest rate policy.

All G7 countries are aware that President Yeltsin cannot leave Munich having suffered a rebuff. After swallowing hard, the industrialised countries are likely to agree to grant Russia a breathing space of perhaps three or five years on servicing its official debts. They will also

signal their willingness for the International Monetary Fund to provide Russia with \$1bn in loans on condition that Moscow gets its budget deficit and inflation under control.

The summit will give its blessing to practical help such as improved co-ordination of technical assistance for Russia and the other former Soviet states through a system of country co-ordination groups. Although differences remain about how to organise the safety programme for the Russian-designed nuclear plants in the former Soviet Union and eastern Europe, the G7 agrees on the need for action.

But the leaders are all having to look inward. Germany is only slowly waking up to the size of the task of absorbing the former east Germany. US President George Bush is distracted by the looming November presidential election. Japan has a weakening economy and a weaker government.

The EC is currently preoccupied with the aftermath of the Danish rejection of the Maastricht treaty. Italy has only just appointed a new government after months of difficult coalition building. France is facing its own referendum on Maastricht in September while

the popularity of President François Mitterrand is low. In Canada, Mr Brian Mulroney's government is trying to deal with complex constitutional problems and has long been below an approval rating of 30 per cent in public opinion polls. The UK government has a working majority for a full five years in office: but Mr John Major, the prime minister, faces increasingly difficult economic problems and cannot ignore the hostility of part of the Conservative party to the Maastricht agreement.

The problems faced by Presidents Bush and Mitterrand go a long way to explaining why a Uruguay Round breakthrough is unlikely, even though all can agree that the \$300bn paid in farm support each year is a waste and that the best way of helping eastern Europe and Russia would be to open markets for their steel, textiles and food products.

Officials preparing the meeting admit that the world will not be a very different place next Thursday, after the leaders and the accompanying 4,000-strong media circus have left Munich. But if it adds a little to mutual understanding, the G7 gathering will have done some good. In view of current global uncertainties there is much to be said for Winston Churchill's remark that "no jaw-jaw is better than to war-war".

The busy Lyons lorry driver barely flinched at the sight of the riot police. "We're not looking for a fight, but if the police come we'll do what we have to," he said. "The same goes for the Belgians and the Dutch. No one's tougher than the French truckers."

For the past four days the roadblocks erected by the Lyons and his fellow truckers have been causing chaos throughout France. At first the television images of lorry drivers munching baguettes beside their roadblocks seemed almost comical. But the situation swiftly became more serious as supplies of food and fuel ran short in many cities, factories laid off workers and thousands of foreign tourists were trapped behind roadblocks.

The dispute could scarcely have come at a worse time for the French government, which is desperately trying to improve its poor performance in the opinion polls in the approach to the Maastricht referendum in September and next year's general elections. Mr Pierre Bérégovoy, the prime minister, yesterday summoned ministers to an emergency meeting to try to end the dispute this weekend. Even if the roads are cleared, the government will be left assessing the long-term damage of the protest.

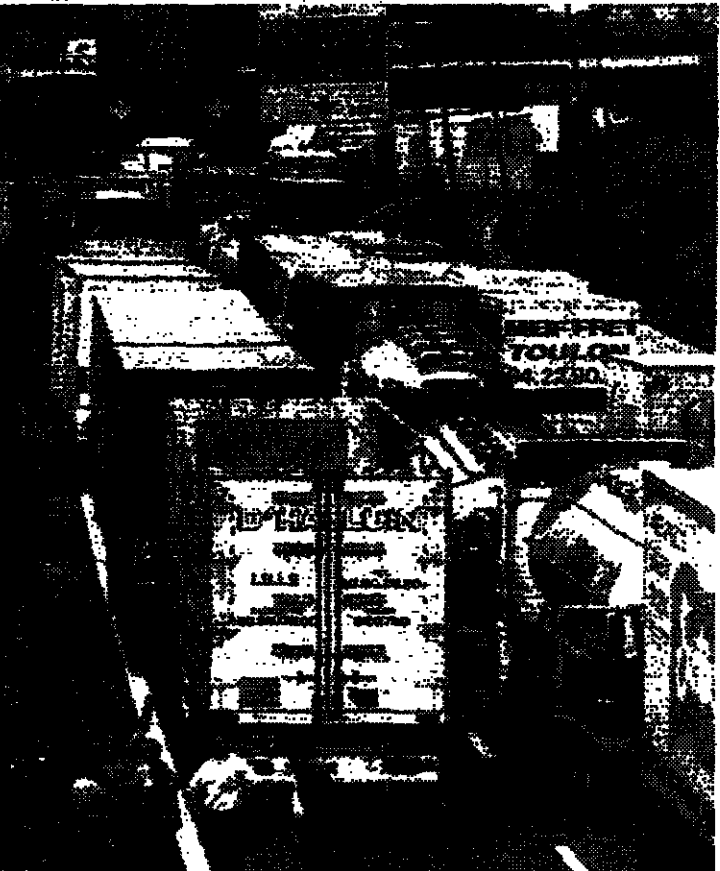
The crux of the dispute is the government's apparently laudable attempt to reduce France's frighteningly high rate of road accidents. There were nearly 9,600 deaths on French roads last year, twice as many as in the UK and at least 2,000 more than in Germany. A new driving licence system was introduced on Wednesday as the backbone of the government's campaign to curb dangerous driving.

Under the new system all drivers are allocated six points on their licences. If they commit an offence they forfeit a number of points - three for drunken driving or two for speeding. Once drivers lose six points they forfeit their licences for at least six months. Similar systems have already been introduced - without controversy - in Germany, Britain, Japan and some US states. But it has caused a furore in France.

The truckers have made the biggest fuss. They argue that they should be awarded extra points, because as professional drivers they run a higher risk of losing their licences and their livelihoods. They have been grumbling on and off for months. But this week their protests began in earnest. Roadblocks were erected on most of the main motorways. The cities of Lyons and Toulouse were virtually inaccessible for four days. Since Wednesday, there have been reports of petrol rationing and food

A head-on collision over rules of the road

The French government is in reverse because of its tough, new driving regulations, writes Alice Rawsthorn



Slamming on the brakes: truckers protesting in southern France

shortages across France. On Thursday a Peugeot factory was forced to lay off 1,200 of its 2,200 workers because of a parts shortage.

But the lorry drivers are not alone. Paris taxi drivers staged a one-day strike against the new system last month. Their counterparts in Lille held a protest yesterday. The usually sedate motorists' association also opposes the system, which differs from those of some other countries in that drivers could lose their licences through parking offences alone. When a television chat-show host asked his

studio audience whether they approved of driving points, the answer was a resounding "non". At first glance the protest seems surprising. France is a highly centralised, very bureaucratic society. The logistics of the points system pale beside the complexity of renting an apartment or qualifying for a driving licence.

But France is also a country where macho motoring is a way of life. Jumping traffic lights, parking cars on pavements and overtaking from either side of the opposing car are commonplace. Motorway cafes

are crammed with drivers knocking back their lunchtime plonk. There are so many crashes around the Arc de Triomphe in Paris that accidents there are not covered by most insurance policies.

The government is running a public information campaign to spell out the consequences of this cavalier approach to road safety, but apparently with little effect. Although the French may agree with the detailed demands of the lorry drivers - the motorists' association has threatened to erect its own roadblocks if the government caves in to the demand for extra points - there is general sympathy for the central theme of attacking the points system.

As a result, the truckers' dispute, which coincides with farmers' demonstrations, dockers' protests and airline strikes, has not stirred up much ill-feeling in France. Some French newspapers have even buried the story on their inside pages. This is not the case in other countries. The Daily Mail newspaper in Britain slapped "Fed up with France" across its front page on Thursday. There were similar, if less overtly francophobic, headlines in the German, Dutch and Belgian press. The British Embassy in Paris has issued the type of travel warning usually reserved for war zones.

The French government has been left in an embarrassing position. Mr Bérégovoy has offered a string of concessions to the truckers. He has even set up a committee to review the points system. He has also threatened to revoke their licences unless they disperse.

By yesterday morning some barricades had come down and many roads, particularly in the north, were cleared. Ministers hope the rest of the roadblocks will be taken down by Monday. The transport ministry has dispatched regional representatives to remonstrate with the militant truckers. By early afternoon yesterday enough roads had been cleared to give the government the confidence to suspend the usual weekend ban on heavy goods traffic to speed up the distribution of supplies to shops and factories.

It may take longer to mop up the political mess. Mr Bérégovoy has been at pains to avoid controversy in the run-up to the Maastricht referendum. This week he even postponed a potentially tricky piece of medical expenditure legislation until after the vote.

Last weekend Mr Bérégovoy was basking in the reflected glory of President Mitterrand's flight to Sarajevo. He will spend this week-end counting the cost of a week in which France - and its government - has virtually been held hostage by a bunch of truckers.

Inflation is under control, but hopes of a post-election recovery in the UK are crumbling fast, says Barry Riley

The light fades at the end of the tunnel

Last Thursday Mr Tim Congdon, a leading City economist, rose at a stockbroker's seminar to speak on the subject "When will the recovery start?". His opinion was short and to the point. "With present policies and interest rates the UK economy will never recover," he said.

Until recently Mr Congdon, a monetarist, might have been regarded as having a maverick view. But not any more. Within the past few weeks hopes of a post-election economic revival have been crumbling fast.

Consumer spending has been disappointing, bankruptcies have continued to plague the business sector and house prices, after showing signs of stabilising in the spring, have apparently begun to sink further. This week the Nationwide Building Society reported a 0.5 per cent fall in the average house price in June and a 6 per cent drop over the past year.

The London stock market has tumbled by nearly 10 per cent since hitting an all-time peak in May. Investors are being forced to abandon their hopes of a profits revival this year as they face a series of chairman's warnings, dividend cuts and failed new issues. Economic figures published this week appeared to show that both the personal and business sectors have been under pressure. The personal sector's savings ratio rose to 11.5 per cent of disposable income in the first quarter of the year, the highest level since the last serious recession 10 years ago.

People are worried about their jobs and income levels. They are also in many cases burdened by debts. Personal indebtedness is now twice as high in relation to income as it was in 1982.

As for companies, the improvement in their financial position visible through 1991 appears to have stalled in 1992. The company sector's financial deficit jumped to nearly £4bn in the January-March quarter, and there are doubts about the ability of many companies -

including some as notable as BP - to continue paying the high dividends which have helped to keep the stock market relatively buoyant through most of the two years of recession so far.

Nevertheless the government can claim one significant success for its economic policies, a sharp fall in inflation. When the UK entered the European Community's exchange rate mechanism in October 1990 inflation was more than 10 per cent. Now it is only about 4 per cent. Some economists think it may sink to 2 or 3 per cent next year.

But is the recession a price worth paying? Many people may find the squeeze on their incomes intensifying over the next few months. Real personal disposable income was slightly higher in the first quarter, in spite of the continuing contraction of the economy, and the increase in average earnings in

The British reliance upon asset-based borrowing is posing serious solvency problems

nominal terms was surprisingly high at just over 7 per cent year-on-year.

There appear, however, to have been some exceptional payments of bonuses to beat possible Labour government tax increases. In any case, wage rises are likely to be very hard to come by in the second half of the year.

The public sector will fully share in the agony. Before the election there was a wave of pay handouts as the government sought to win favour. But if the economy fails to produce the 1 per cent growth officially forecast for this year and the 3 per cent assumed for the first half of next year, the already formidable levels of budgeted public borrowing will swell still further.

If next year's public sector borrowing requirement looks like climbing towards £40bn (against £31.5bn forecast), the axe may have to be over public-sector pay and possibly over social security benefits. Tax

increases seem inconceivable, but are they?

However, there is good news for consumers too. Price inflation for many manufactured goods has all but stopped. The American strategy of devaluing the dollar is making many imports cheaper, whatever the impact upon the competitiveness of British companies.

And these are good times for older people free of mortgage worries. Pensions are little affected by the economic downturn. The real squeeze is being suffered by people in younger age-groups trapped in houses in which they have little or no equity, and are losing more value all the time, and by workers in volatile industries such as construction where wage levels have actually been tumbling.

People with money to spare are being rewarded. True, the stock market has weakened, but National Savings and government gilt-edged securities are paying attractive rates as the authorities press ahead with financing the deficit. Even those in short-term savings accounts at banks and building societies are earning comfortably more than the inflation rate.

The other side of the coin, though, is that borrowers are being hammered. Bank base rates are still 10 per cent, and have fallen only half a point this year. With the Bundesbank still struggling to bring excessive German monetary growth under control, short-term prospects for interest rate cuts are bleak.

The small business sector is being crippled. Property is a disaster area. The British reliance upon asset-based borrowing, developed over long years of inflation, is posing serious solvency problems as unprecedented price falls hit both the commercial and residential property sectors.

Yet the country seems extraordinarily calm. There are no riots by repossessed homeowners. The army of unemployed is growing but is quiet. The electorate has just returned the Tory government to power for five more years, seemingly in approval of its economic policies.

But what if the British economy never recovers?

Electrical industry training stifled by fragmented dealings with Tecs

From Mr Paul Gallagher.

Sir, My interest was aroused by your article, "Shepherd Investigates Training Shortfall" (July 1), because on June 30, together with other leaders of the electrical contracting industry, I met Patrick McLoughlin, the junior employment minister. We took the opportunity then to raise with him the difficulties being faced by our electrical contracting training scheme.

Traditionally, the electrical contracting industry has trained 4,500 apprentices per year: important not just for the contracting industry but for industry at large because 90 per cent of all electricians in the UK are trained via that scheme.

Following changes over the past few years, which included the scrapping of the employers' contribution through the levy system, we now have found ourselves having to negotiate for government support with not one central body but with 82 Training and Enterprise Councils in England and Wales and 22 Local Enterprise Companies in Scotland.

This, in itself, is difficult enough but the employers, 80 per cent of which are small companies, face immense

bureaucratic procedures if they are to benefit from government support. It is reaching a point where many of them are simply refusing to take on apprentices. This, fuelled by the recession, explains why this year's figure is likely to be 1,000 apprentices or less. It goes some way towards answering the question which Mr Shepherd intends to investigate - that is, why Tecs are failing to meet the guarantee of training places available.

The answer clearly is the creation of a national agency which will allow us to negotiate with one body. This will mean that our training advisers throughout the country can get on with the job of training and ensure that our apprentices achieve National Vocational Qualification standards. Rather than applying themselves to such training, our advisers are spending countless hours in negotiations with individual Tecs and on other meaningless bureaucratic functions. I know that many Tecs share my view that the system is overly bureaucratic and in need of reform.

The electrical contracting industry will continue to train apprentices but to do so we

Climate for house market recovery

From J R S Egerton.

Sir, The increase in the savings ratio to 11.5 per cent for the first quarter is not perhaps as depressing as at first sight it might appear ("Boost to savings ratio, July 1").

Many home owners are now making substantial reductions in their mortgages by failing to reduce monthly payments in line with falling interest rates. This voluntary early repayment of principal in the building society sector may now be running at approaching £2bn a year, in the order of 1 per cent

of building society mortgages and 0.5 per cent of personal disposable income. And the amount increases with each cut in mortgage interest rates.

Since the dead weight of debt is a major cause of low turnover and falling house prices, reductions in indebtedness are helping to create the conditions for recovery in the housing market.

J R S Egerton, *Economic & Regulatory Analysts*, 9 St James's Place, London, SW1A 1PE

must have an effective framework in place. Given the predicted reduction in apprentices, it is not over-egging the pudding to say that the existing framework could be brought into question and our ability to continue to train apprentices will be jeopardised. This can only result in yet

more 16- and 17-year-olds hanging about on street corners. I want them properly trained so that they can become valuable members of our society. Paul Gallagher, *general secretary, EETPU*, Hayes Court, West Common Road, Bromley, Kent BR2 7AU

Pensions thinking at odds with working patterns

From Ms Trudy Coe.

Sir, Your report on June 30 ("Pension for women may rise") that the government is moving in favour of equalising the state pension age at 65: a flexible decade of retirement has apparently been ruled out.

You discuss the options solely in terms of benefits - or losses - to the exchequer. This is precisely a reflection of the narrowness of government thinking. The state pension age is critical in influencing individuals' retirement decisions. A fixed state pension age encourages employees to think

in terms of an arbitrary and absolute end to their working lives. This is at odds with the trend in working patterns, where flexibility is paramount. A flexible decade of retirement would allow and encourage employees actively to think about a range of options rather than perpetuating the damaging belief that full-time work should end at 65.

Trudy Coe, *head of external policy, British Institute of Management*, 2 Savoy Court, Strand, London WC2R 0EZ

Targets mystify

From Ms Elizabeth Symons.

Sir, Your report ("Whitehall aims to protect tax ladies", July 2) that Mr William Waldegrave is to publish a table showing how far government departments "have met the tar-

gets for market testing their functions" is most curious.

On June 2, at a meeting with civil service union general secretaries, Mr Waldegrave repeated and categorically denied that any such targets existed. The official minute of the meeting confirms that denial. The minister said that

Real reason for going wigless

From Mr Henry von Blumenthal.

Sir, I do not know Louis Blom-Cooper, but as his neighbour for many years I have passed him on the stairs both with and without his wig. On balance, I should say his features are improved by it, for the wig is a handsome piece of design ("Dear Lord Chancellor...", June 23).

Anachronism is a dangerous word to use out of the context of art and literature. I do not see how the recognised badge of the barrister, worn daily by thousands of people here and by many court officials in countries as far away as Africa can be called anachronistic. If it is, so is the collar and tie or any garment which was worn as long ago as last week.

Nor is it fair to class the protagonists as rationalists and traditionalists. Some of the anti-wiggers' arguments are fatuous. Who ever was intimi-

dated by a wig? Traditionalism is rational, and it is natural that in a legal system substantially based, like the constitution, upon precedent, lawyers should wear the ancient badge of their trade. Others do.

Why has this campaign against the wig started now? Partly, I suspect, because the 1980s generation has grown up into high office but is still bent on chucking away our past. I fear a more sinister, if unconscious, motive. For years, British Rail's solution to falling standards has been an advertising campaign and a new image, in the belief that the public can be tricked. The legal profession has never before faced such a collapse in public confidence. The solution? Abolish the wig. While they are at it, why not start referring to clients as "my customer"? Henry von Blumenthal, *2 Paper Buildings, Inner Temple, London EC4*

not only were there no targets but confirmed that neither he nor any of his officials had given an off the record briefing that there were. Surely, in the name of the open government that the minister has repeatedly said he supports, he should make it clear whether they exist or not. We have

asked him to deny the existence of targets as openly to the press as he did to us. We await developments. Elizabeth Symons, *general secretary, Association of First Division Civil Servants*, 2 Caxton Street, London SW1H 0QH

ECONOMIC DIARY

TODAY: Nationwide elections for Nigerian National Assembly. Officials from Japan and the European Community meet in London to discuss strengthening economic, cultural and political ties.

TOMORROW: Mr George Bush, US president, pays visit to Poland before going to Munich for Group of Seven summit meeting.

MONDAY: Economic summit of seven biggest industrial democracies in Munich (until Wednesday). Central Statistical Office issues figures for credit business (May) and cyclical indicators for the United Kingdom economy (May - first estimate). US auto sales (June). European Parliament in plenary session in Strasbourg (until July 10). Financial Times holds conference "Managing Financial Risks".

TUESDAY: US wholesale sales (May); consumer credit (May). Russian constitutional court considers legality of Soviet Communist Party and of presidential orders banning the organization in the wake of the 1991 election.

WEDNESDAY: Mr Douglas Hurd, foreign secretary, speaks to European MPs in Strasbourg on the UK presidency of the EC. UN negotiations in Geneva on tightening the Montreal Protocol on substances that damage the ozone layer (until July 17).

THURSDAY: The Department of Employment gives details of employment, unemployment, earnings, prices and other indicators. US jobless claims. Publication of Regional Trends 27 1992 edition. Conference on Security and Co-operation in Europe summit begins.

FRIDAY: British Steel/BISPA announce figures for usable steel production (June). Central Statistical Office publishes retail prices index and tax and price index (June). The Bank of England issues quarterly analysis of bank advances.

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS Friday July 3 1992

Figures in parentheses show number of stocks per section

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Lira under heavy pressure

RUMOURS swept through the markets yesterday, forcing at least two European central banks to intervene to support their currencies.

With the New York markets closed and next week's summit of the Group of Seven industrialised nations imminent, the day was ripe for speculation, and the lira bore the brunt.

The trouble began in the morning. Rumours, ranging from a D-Mark revaluation this weekend which would put pressure on the weaker European currencies - to Italian banks being ordered to stop trading lire, combined to put the Italian currency under heavy pressure.

The Bank of Italy firmly denied that it had ordered Italian banks to stop quoting lire prices but as the currency dropped to 760.25 per D-Mark, two lira down on its mid-day fixing, it was forced to intervene twice during the afternoon. The plunge took the currency to within five lire of its

floor against the D-Mark in the European Monetary System grid.

The lira has been under pressure since the Danish rejection of the Maastricht treaty at the start of June. Investors are afraid that Italy will not get its public accounts into order without the discipline of European economic convergence rules. But yesterday's run on the currency, coming only a day after Italy's new treasury minister said a stable lira was the centre of the government's economic policy, reflected just how nervous investors have become.

The lira recovered some ground to trade at 763.20 to the D-Mark by mid-afternoon. It closed at 757.5 per D-Mark.

The lira speculation added to nervousness about the peseta and the Bank of Spain announced that it too was intervening to support the currency. Worries about public spending being out of control have undermined Spanish mar-

kets in recent weeks.

The pound did not escape the traumas. It moved in line with the weaker currencies, dragged down by the D-Mark's gain. The French franc held its own against the D-Mark.

One other rumour doing the rounds was that sterling would join the narrow bands of the ERM this weekend accompanied by a cut in base rates. The UK currency fell quite heavily during the afternoon but bounced back to close at DM2.8850 against a previous close of DM2.9205.

"If there was any central bank support, it was done very secretly," said one dealer. There was one beneficiary of the turmoil - the dollar. "The dollar simply drifted while attention focused on the weaker ERM currencies," said Mr Michael Penny, market analyst at Summit Bank. The US currency edged a little higher in late trade, closing in London at DM1.5165 against a previous close of DM1.5135.

£ IN NEW YORK

July 2	Close	Previous
1 month	1.9200-1.9240	1.9140-1.9200
3 months	1.9200-1.9240	1.9140-1.9200
6 months	1.9200-1.9240	1.9140-1.9200
12 months	1.9200-1.9240	1.9140-1.9200

Forward premiums and discounts apply to the US dollar

STERLING INDEX

July 2	Close	Previous
100	92.2	92.2
100	92.2	92.2
100	92.2	92.2
100	92.2	92.2
100	92.2	92.2

CURRENCY MOVEMENTS

July 2	Bank of England	Change
100	92.2	0.0
100	92.2	0.0
100	92.2	0.0
100	92.2	0.0
100	92.2	0.0

CURRENCY RATES

July 2	Bank of England	Change
100	92.2	0.0
100	92.2	0.0
100	92.2	0.0
100	92.2	0.0
100	92.2	0.0

OTHER CURRENCIES

July 2	Bank of England	Change
100	92.2	0.0
100	92.2	0.0
100	92.2	0.0
100	92.2	0.0
100	92.2	0.0

FORWARD RATES AGAINST STERLING

July 2	Bank of England	Change
100	92.2	0.0
100	92.2	0.0
100	92.2	0.0
100	92.2	0.0
100	92.2	0.0

MONEY MARKETS

Rate cut rumoured

THE UK money markets were awash with rumours of a base rate cut after the Bank of England shaved its long term money market rates in morning operations.

A feeling of uncertainty already prevailed after the US Federal Reserve cut its discount rate on Thursday.

UK clearing bank base lending rate 10 per cent from May 5, 1992

So when the Bank of England cut a 4 point off its band-3 and band-4 rates to 9 per cent and 9 1/2 per cent respectively, speculation of a base rate cut swept the market.

Three month money fell from around 10 per cent before the early operations to 9 1/2 per cent afterwards.

The other, more likely, interpretation of the Bank's move was that it was trimming its dealing rates to keep them in line with market rates which had edged lower on Thursday following the US discount rate cut.

One trader said: "The Bank has been saying for quite a while that from time to time it will change the rates at which it intervenes in bills to more closely reflect the market rates."

Among optimistic traders the

first interpretation took precedence, but opinion was divided.

"We are not sure about it here," said one trader yesterday afternoon.

"We still think that UK rates are dependent on German rates and I think the sterling market exchange rate is still not firm enough for another cut."

Activity in sterling futures was extremely bullish. The September contract traded in a 16 point price range, touching a high of 90.1 after settling at around 90.35.

The December contract moved up by around 11 basis points to around 90.65.

The rumours of a base rate cut made it difficult for the Bank to meet its forecast liquidity shortage as dealers held on to their assets.

An initial shortage of £1.1bn was revised to £2.3bn later on. In the early round, when the Bank cut its long rates, it purchased only £268m of bills.

This included £2m of band-3 bills at 9 per cent and £4m of band-4 bills at 9 1/2 per cent.

In further morning operations the Bank bought £24m of bills.

In the afternoon the Bank bought £235m of bills and provided late assistance of £658m.

With the shortage unmet, the overnight rate rose sharply to around 16 per cent.

FINANCIAL FUTURES AND OPTIONS

LETTING CASH FUTURES OPTIONS

Strike	Call	Put
100	0.05	0.05
105	0.10	0.10
110	0.15	0.15
115	0.20	0.20
120	0.25	0.25

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100	0.05	0.05
105	0.10	0.10
110	0.15	0.15
115	0.20	0.20
120	0.25	0.25

LETTING CASH FUTURES OPTIONS

Strike	Call	Put
100	0.05	0.05
105	0.10	0.10
110	0.15	0.15
115	0.20	0.20
120	0.25	0.25

LETTING CASH FUTURES OPTIONS

Strike	Call	Put
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105	0.10	0.10
110	0.15	0.15
115	0.20	0.20
120	0.25	0.25

LETTING CASH FUTURES OPTIONS

ES500,000 points at 100%:					
Strike Price	Call-settlements		Put-settlements		
	Sep	Dec	Sep	Dec	
8950	0.88	1.11	0	0.01	
8975	0.84	0.87	0.01	0.02	
9000	0.41	0.65	0.03	0.05	
9025	0.23	0.45	0.09	0.10	
9050	0.09	0.28	0.21	0.18	
9075	0.03	0.16	0.40	0.31	
9100	0.01	0.08	0.63	0.48	
9125	0	0.03	0.87	0.68	
Estimated volume total, Calls \$211 Puts \$241					
Previous day's open int. Calls 70413 Puts 59957					

LONDON STOCK EXCHANGE

Technical recovery helps share prices

By Terry Byland
UK Stock Market Editor

THE MEREST whiff of base rate optimism from the London money markets was enough to fuel a technical rally in UK share prices yesterday. The FT-SE 100 index briefly regained the 2,500 mark, closing 21 points up and only just below this benchmark number in the absence of distraction from Wall Street which was closed for the July 4 holiday.

Equities opened lower following weakness in the Dow. Industrial Average overnight and the continuing worries over the UK economy and the faltering record of new share issues in the London stock market.

But a dip of 8.6 in the Footsie

Account Dealing Dates	First Dealing	Second Dealing	Third Dealing
June 23	June 23	June 23	June 23
June 24	June 24	June 24	June 24
June 25	June 25	June 25	June 25
June 26	June 26	June 26	June 26
June 27	June 27	June 27	June 27
June 28	June 28	June 28	June 28
June 29	June 29	June 29	June 29
June 30	June 30	June 30	June 30

was quickly reversed upwards when the Bank of England's actions in the money markets gave some stimulus to hopes of another early cut in UK base rates. With the enthusiasm taken up in the stock index futures market, the equity market advanced by 24 points to touch 2,500.1.

Prices for short-dated government bonds turned higher, also reflecting base rate specu-

lation. Long dated bonds also gained ground while, for good measure, index-linked stocks joined in the general upturn.

However, many strategists took a cautious view, and interest rate optimism soon cooled down. The stock market held on to its gains, encouraged by firmness in other European centres, and by bear closing operations as traders bought stock to meet selling commitments entered into earlier this week.

The final reading showed the FT-SE 100 at 2,497.1 (plus 21 points). This indicates a loss of 37 points or about 1.5 per cent on the Footsie over the week. Selling has not been heavy - Seag turnover totalled 429.5m shares yesterday - but investors have been distressed by

persistent economic gloom reflected in downgradings of corporate profit estimates by brokers and by difficulties with successive share flotations.

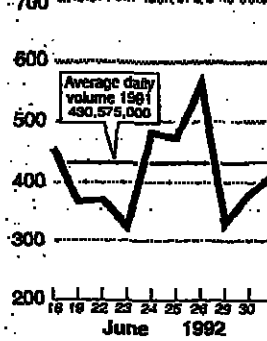
The withdrawal of the GPA flotation, failure of The Telegraph issue and the reduced pricing of the MFI Furniture sale have all cast clouds over the stock market.

However, many market strategists have argued that the stock market has become oversold and that share prices represent good value at these levels in terms of the yield relative against the UK bond market. These optimists were heartened by the rapidity with which the Footsie regained the 2,500 mark yesterday. But a question mark now hangs over the outlook on Wall Street.

● Retail business in UK equities has begun to recover after falling sharply as economic and corporate gloom discouraged investors.

London SE volume

Turnover by volume (million)



Wellcome doubts revived

A SHARP bounce in the price of Wellcome was believed by some traders to reflect concern about the forthcoming share flotation. The shares jumped 21 yesterday to 87p, as some traders appeared to be covering positions in a hurry.

One senior analyst commented that several market-makers had left themselves short of Wellcome stock ahead of the proposed issue of between 25 per cent and 48.6 per cent of the Trust's shares. However, concern has grown that Wellcome Trust might decide that the current share price was too low and, therefore, might postpone the flotation. Such a decision would be likely to squeeze the share price up sharply, inflicting severe losses on dealers with uncovered positions. Some dealers perceived yesterday's buying as a rush to cover.

However, a source close to the company said yesterday: "With the book for share bids due to open on Monday it comes as no surprise to see the bears covering their positions."

Forte setback

Hotels and leisure group Forte, already suffering from worries over the proposed sale of its contract catering arm, confirmed the market's fears after trading hours last night. The board announced that negotiations with Compass and ARA, prospective buyers for Gardner Merchant, the contract subsidiary, had been terminated. The shares closed a net 9 lower at 185p with 2.5m traded and traders predict a further heavy fall when dealing re-opens on Monday. A line of 1m shares is believed to be hanging over the market.

Press reports, that the sale negotiations were about to collapse had already sent the shares into retreat early yesterday, making Forte the biggest loser in the FT-SE 100 index.

Some analysts suggested that Forte had declined the \$500m to \$550m initially offered by Compass, hoping for a higher offer. Compass is believed to have tried to reduce its original offer because of the fall in the stock market. Also, it was expected to raise part of the funding for the deal by means of a share issue, which

could have proved difficult in the current climate.

Compass yesterday asked the Stock Exchange to lift the share suspension imposed at the end of May. Analysts were predicting a sharp decline for the shares on Monday.

A holiday on Wall Street gave Glaxo Holdings a chance to pick itself up after a bad week and the stock was one of the most heavily traded in the London market yesterday. The shares were 17 down at 639p in early trading reflecting a sharp Thursday night fall in New York for the American Depositary Receipts.

However, Wall Street was closed for a extended July 4 weekend yesterday and the disappearance of US sellers allowed the shares to rally in London and close 8 better at 661p on turnover of more than 8m.

ICI recovered slightly after recent heavy falls, bouncing 4 to 1174p. Mention of ICI yesterday contained incorrect figures for the 1991 sales of ICI's head-line drug, Tenormin. The correct figure was £680m with around £37m coming from the UK.

Banks made strong progress but gains owed more to market-makers closing short positions than to genuine buying. Barclays put on 11 to 339p and NatWest 10 to 327p, closely followed by Abbey National which added 8 at 284p.

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (100)	NEW LOWS (100)
ADRIAN GROUP (100) 100.00	ADRIAN GROUP (100) 100.00
ADRIAN GROUP (100) 100.00	ADRIAN GROUP (100) 100.00
ADRIAN GROUP (100) 100.00	ADRIAN GROUP (100) 100.00
ADRIAN GROUP (100) 100.00	ADRIAN GROUP (100) 100.00
ADRIAN GROUP (100) 100.00	ADRIAN GROUP (100) 100.00
ADRIAN GROUP (100) 100.00	ADRIAN GROUP (100) 100.00
ADRIAN GROUP (100) 100.00	ADRIAN GROUP (100) 100.00
ADRIAN GROUP (100) 100.00	ADRIAN GROUP (100) 100.00
ADRIAN GROUP (100) 100.00	ADRIAN GROUP (100) 100.00
ADRIAN GROUP (100) 100.00	ADRIAN GROUP (100) 100.00

RISES AND FALLS YESTERDAY

Rises	Falls	Same	On the week	Same
17	3	7	25	104
246	358	837	904	2,144
142	95	507	578	705
12	26	9	1	0
0	0	0	0	0
31	33	86	110	179
34	52	39	204	262
Total	548	562	1,594	2,149

COMMODITIES

WEEK IN THE MARKETS

Copper leads rally in base metals

THE COPPER market led most London Metal Exchange contracts to higher ground this week as a cut in US interest rates gave added impetus to the existing upward trend.

In advancing by 246.76 to \$1,315.25 a tonne for three months metal copper continued to defy the bearish influence of sterling's strength against the dollar. After adjusting for that factor the rise on the week works out at \$58 a tonne. A morning bout of profit-taking had been absorbed before the price reached that level, the highest for three months in sterling terms and for 18 months in dollar terms.

Encouraging copper's rise was news that a strike could start at Poland's KGHM combine on July 20, although that was countered by the agreement of a labour contract at Asarco of the US. Another bullish influence was the threat of supply tightness developing later this month and in September and this was reflected in the short-lived establishment yesterday of a "backwardation" - a price premium for cash over metal for forward delivery.

The copper market's improved sentiment spilled over into other metals, notably aluminium and nickel, the former's three months position

ending the week \$69.75 up at \$1,347.35 a tonne and the latter's \$423 up at \$7,719 a tonne. But some traders were dubious about the sustainability of this trend. Mr Angus Macmillan, analyst with Bilton-McIlhenny Metals, part of the Royal Dutch/Shell group, thought copper's present price could be justified but saw no good reason for aluminium or nickel prices to be buoyant as both markets were still suffering from substantial imports from the CIS.

LME WAREHOUSE STOCKS (As at Thursday's close)	tonnes
Aluminium	+1,150 to 1,200,000
Copper	+1,125 to 120,000
Lead	+1,425 to 144,000
Nickel	-648 to 27,500
Zinc	+1,400 to 330,000
Tin	+610 to 12,000

The only LME market to sustain price falls this week was zinc, which continued to reflect the unwinding of the options-related supply squeeze that prompted the exchange to impose nearly three weeks ago a descending ceiling on the one-day backwardation during the June/July period. The cash price rose with the other base metals on Monday, reaching a 20-month high of \$1,391.50 a tonne, but then went into reverse. By yesterday's close it was showing a \$56 fall on the

week at \$1,300 a tonne and its premium over the three months price, which had reached \$189 a tonne before the LME acted to end the squeeze, had shrunk by another \$42 to \$15.50 a tonne.

Platinum was the star performer in the precious metals market, with the price fixed yesterday afternoon at \$386 a troy ounce, up \$19 on the week. On Thursday it had reached a 13-month high of \$387.90 an ounce.

The chief factor behind the rise was concern about the situation in South Africa, which accounts for about 70 per cent of the world's platinum supplies. Although analysts thought the unrest was unlikely to result in a miners' strike they said the possibility made it too risky to go short during the present rally.

Mr Andy Smith, analyst at the Union Bank of Switzerland, had serious doubts about the price rise, however. He thought the market was not taking sufficient account of weakening Japanese economic activity and suggested that Thursday's 0.5 per cent cut in the US discount rate "smells of panic in the face of a slowing US economy," and was therefore negative for the platinum price.

He said the discount rate cut

was positive for gold, which rose \$2.25 this week to \$346 an ounce, but added that a rising gold price would stimulate selling by producers and stockholders.

At the London Futures and Options Exchange the cocoa market put in its strongest performance of the year so far as producers resisted the temptation to sell into a technical rally. Dealers saw the rise, which lifted the September position by \$55 to \$590 a tonne, mainly as a reaction against the 18½-year lows reached last week.

The rally appeared to have run out of steam on Thursday, when a small setback was registered, but after a shaky start yesterday the upward trend was resumed and the September price ended \$15 up on the day.

Further talks on the renegotiation of an International Cocoa Agreement with price stabilisation clauses, are to start on Monday in Geneva. Coffee prices also moved ahead, encouraged by US investment fund buying, before slipping back yesterday in thin trading. London's September futures position closed yesterday at \$71.7 a tonne, down \$5 on the day but \$31 up on the week.

Richard Mooney

FINANCIAL TIMES STOCK INDICES

	July 3	July 2	July 1	June 30	June 29	Year Ago	High	Low	Since Completion
Government Secs	89.75	89.40	89.18	88.91	88.84	84.56	89.75	85.11	127.40
Fixed Interest	100.26	100.77	100.33	104.93	104.76	93.27	100.26	97.15	106.92
Ordinary Share	1915.5	1901.1	1917.3	1942.3	1944.7	1904.7	2149.7	1851.4	2143.7
Gold Mines	90.1	89.8	89.3	92.1	94.4	217.1	102.6	89.3	73.7
FT-SE 100 Share	2497.1	2478.1	2493.9	2521.2	2515.8	2470.4	2737.8	2382.7	2737.8
FT-SE Eurotrack 200	1169.39	1160.30	1161.24	1169.77	1173.91	1140.75	1248.79	1120.52	1248.79
SEAG Bargains 5.00pm	4.80	4.83	4.79	4.72	4.72	4.95	5.00	4.72	4.95
Equity Turnover (m)	7.03	7.07	7.01	6.92	6.92	6.59	7.03	6.59	7.03
Equity Bargains	17.06	17.24	17.30	18.12	18.14	14.15	18.14	14.15	18.14
Share Traded (m)	20,600	20,600	20,570	20,844	19,926	21,507	20,600	19,926	21,507
SEAG Bargains 5.00pm	816.5	882.7	839.9	703.8	712.8	20,882	816.5	703.8	712.8
Equity Bargains	22,487	22,500	23,044	21,580	20,882	20,882	22,487	20,882	20,882
Share Traded (m)	330.3	419.9	370.5	325.1	325.8	325.8	330.3	325.1	325.8
Ordinary Share Index, Hourly changes	Day's High 1918.1	Day's Low 1892.0							
Open	1915.5	1901.1	1917.3	1942.3	1944.7	1904.7	1915.5	1892.0	1915.5
Close	1915.5	1901.1	1917.3	1942.3	1944.7	1904.7	1915.5	1892.0	1915.5
FT-SE 100, Hourly changes	Day's High 2497.1	Day's Low 2467.5							
Open	2497.1	2478.1	2493.9	2521.2	2515.8	2470.4	2497.1	2467.5	2497.1
Close	2497.1	2478.1	2493.9	2521.2	2515.8	2470.4	2497.1	2467.5	2497.1
FT-SE Eurotrack 200, Hourly changes	Day's High 1169.04	Day's Low 1162.03							
Open	1169.39	1160.30	1161.24	1169.77	1173.91	1140.75	1169.39	1162.03	1169.39
Close	1169.39	1160.30	1161.24	1169.77	1173.91	1140.75	1169.39	1162.03	1169.39

GILT EDGED ACTIVITY

Indices* July 2 July 1

Gilt Edged	100.7	95.9
Bargains	100.7	95.9

*5 Day average 92.0 90.8

SE Activity 1974.

Excluding intra-market

business and overseas turnover.

London report and latest share index.

Total 122001, Calls charged at 36p

minute cash rate, 48p/minute at all

other times.

TRADING VOLUME IN MAJOR STOCKS

Volume	Change	Day's	Price	Change	Volume	Change	Day's	Price	Change
ADRIAN GROUP	100.00	100.00	100.00	100.00	ADRIAN GROUP	100.00	100.00	100.00	100.00
ADRIAN GROUP	100.00	100.00	100.00	100.00	ADRIAN GROUP	100.00	100.00	100.00	100.00
ADRIAN GROUP	100.00	100.00	100.00	100.00	ADRIAN GROUP	100.00	100.00	100.00	100.00
ADRIAN GROUP	100.00	100.00	100.00	100.00	ADRIAN GROUP	100.00	100.00	100.00	100.00
ADRIAN GROUP	100.00	100.00	100.00	100.00	ADRIAN GROUP	100.00	100.00	100.00	100.00
ADRIAN GROUP	100.00	100.00	100.00	100.00	ADRIAN GROUP	100.00	100.00	100.00	100.00
ADRIAN GROUP	100.00	100.00	100.00	100.00	ADRIAN GROUP	100.00	100.00	100.00	100.00
ADRIAN GROUP	100.00	100.00	100.00	100.00	ADRIAN GROUP	100.00	100.00	100.00	100.00
ADRIAN GROUP	100.00	100.00	100.00	100.00	ADRIAN GROUP	100.00	100.00	100.00	100.00

Based on the trading volume for a selection of Alpha Securities dealt through the SEAG system yesterday at 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

BANK of England moves in the money markets led to suggestions of an impending interest rate cut and prompted a strong advance in stock index futures, writes Joel Kibazo.

The September contract on the FT-SE was already strong in early trading. Then, the Bank of England cut the money markets provided an impetus for the September

contract to advance sharply and reach 2,532, the day's high, by mid morning. Thereafter, the contract traded within a narrow range of 2,520 and 2,530 for the rest of the session. With Wall Street closed, the momentum was maintained by the firmness in the fixed income markets.

September closed at the session's high of 2,532, up 43 on the previous session and 2,007 lots.

around 18 points above its estimated fair value to cash of about 25. Turnover of 6,366 lots was, however, light.

In traded options, turnover was down on the past two sessions reaching 31,570 lots by the close. The FT-SE contract traded 12,545 lots and the Euro FT-SE, 2115 contracts. As a result, the busiest stock option with a day's total of 2,007 lots.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Friday July 3 1992

Water	+30.94	500 Share Index	+1.44
Electronics	+18.11	All-Share Index	+1.38
Food Retailing	+17.83	Financial Group	+1.29
Hotels & Leisure	+17.73	Hotels & Leisure	+1.29
Other Industrial Materials	+16.24	Building Materials	+0.93
Food Manufacturing	+0.41	Food Manufacturing	+0.41
Hotels & Leisure	+0.41	Hotels & Leisure	+0.41
Consumer Goods	+0.05	Consumer Goods	+0.05
Insurance (Life)	+0.05	Insurance (Life)	+0.05
Business Services	+0.05	Business Services	+0.05
Investment Trusts	+0.05	Investment Trusts	+0.05
Commodities	+0.05	Commodities	+0.05
Engineering-General	+0.05	Engineering-General	+0.05
Telephone Networks	+0.05	Telephone Networks	+0.05
Packaging, Paper & Printing	+0.05	Packaging, Paper & Printing	+0.05
Electricals	+0.05	Electricals	+0.05
Merchants	+0.05	Merchants	+0.05
Stores	+0.05	Stores	+0.05
Transport	+0.05	Transport	+0.05
Other Goods	+0.05	Other Goods	+0.05
Brewers & Distillers	+0.05	Brewers & Distillers	+0.05
Metals & Metal Forming	+0.05	Metals & Metal Forming	+0.05
Industrial Group	+0.05	Industrial Group	+0.05
Engineering-Aerospace	+0.05	Engineering-Aerospace	+0.05

FT-ACTUARIES SHARE INDICES - QUARTERLY VALUATION

The market capitalisation of the groups and sub-sections of the FT-Actuaries Share Indices, as at June 30 1992, are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the preceding two quarters.

EQUITY GROUPS & SUB-SECTIONS								
(Figures in parentheses denote number of stocks)								
		Market capitalisation as at Jun 30 1992 (£m)	% of all share index	Market capitalisation as at Mar 31 1992 (£m)	% of all share index	Market capitalisation as at Dec 31 1991 (£m)	% of all share index	
1	CAPITAL GOODS GROUP	178	73,012.51	14.15	69,104.20	13.97	64,397.93	12.93
2	Building Materials	22	12,106.42	2.35	12,426.61	2.51	11,500.87	2.31
3	Chemicals	22	2,091.64	0.43	2,091.64	0.43	2,091.64	0.43
4	Electricals	8	2,091.64	0.43	2,091.64	0.43	2,091.64	0.43
5	Electronics	8	2,091.64	0.43	2,091.64	0.43	2,091.64	0.43
6	Engineering-General	46	3,091.64	1.88	8,701.00	1.66	7,374.25	1.57
7	Engineering-Special	46	3,091.64	1.88	8,701.00	1.66	7,374.25	1.57
8	Food & Soft Drink Farming	46	3,091.64	1.88	8,701.00	1.66	7,374.25	1.57
9	Metals	46	3,091.64	1.88	8,701.00	1.66	7,374.25	1.57
10	Other Industrial Materials	46	3,091.64	1.88	8,701.00	1.66	7,374.25	1.57
11	Oil	189	38,091.64	6.54	20,246.53	3.94	19,436.01	3.87
12	Power and Distributors	24	28,365.07	4.73	30,397.53	5.74	30,376.60	5.91
13	Textiles	14	4,468.27	0.76	11,468.27	2.14	12,993.69	2.52
14	Food Retailing	14	28,365.07	4.73	12,993.69	2.44	18,275.36	3.47
15	Health and Household	47	67,877.51	11.54	14,963.29	2.81	12,149.68	2.34
16	Hotels & Leisure	20	15,625.85	2.64	14,963.29	2.81	13,686.29	2.64
17	Media	20	15,625.85	2.64	14,963.29	2.81	13,686.29	2.64
18	Telecommunications	20	15,625.85	2.64	14,963.29	2.81	13,686.29	2.64
19	Stores	33	28,787.68	4.98	26,657.79	5.09	26,444.25	5.09
20	Transport	10	1,091.64	0.19	1,091.64	0.21	1,091.64	0.21
21	OTHER GROUPS	178	125,950.67	24.40	116,260.67	23.51	117,729.44	23.57
22	Business Services	17	7,768.45	1.36	8,373.91	1.59	8,002.03	1.57
23	Finance	20	17,091.64	2.93	14,963.29	2.81	17,091.64	3.29
24	Commodities	17	13,556.89	2.33	18,430.59	3.48	15,738.00	2.80
25	Transport	14	4,468.27	0.76	11,468.27	2.14	12,993.69	2.52
26	Electricity	14	16,784.20	2.82	13,749.45	2.58	15,641.77	3.02
27	Telephone Networks	4	30,239.26	5.18	28,633.33	5.39	30,761.02	6.18
28	Water	4	4,468.27	0.76	11,468.27	2.14	12,993.69	2.52
29	Media	20	15,625.85	2.64	14,963.29	2.81	13,686.29	2.64
30	Telecommunications	20	15,625.85	2.64	14,963.29	2.81	13,686.29	2.64
31	INDUSTRIAL GROUP	178	267,473.00	51.10	281,140.95	54.72	275,190.70	53.37
32	Oil & Gas	22	43,767.00	8.47	44,758.86	8.48	45,461.04	8.78
33	500 SHARE INDEX	500	441,712.77	85.57	426,271.31	86.20	424,854.14	85.35
34	FINANCIAL GROUP	86	61,576.80	11.43	55,394.70	11.20	59,626.28	12.02
35	Banks	29	29,091.64	5.06	29,091.64	5.49	28,349.49	5.49
36	Insurance	10	8,027.10	1.54	7,089.92	1.43	7,902.31	1.59
37	Insurance-Compulsory	10	8,947.71	1.73	7,674.49	1.45	8,704.85	1.69
38	Insurance-Other	10	8,947.71	1.73	7,674.49	1.45	8,704.85	1.69
39	Merchant Banks	12	2,941.40	0.57	2,634.26	0.53	2,862.53	0.59
40	Property	7	7,103.35	1.26	7,296.11	1.40	8,067.10	1.47
41	Other Financial	5	2,528.10	0.46	2,528.10	0.48	2,528.10	0.48
42	Investment Trusts	69	12,881.16	2.50	12,893.95	2.50	13,084.08	2.63
43	All Share Index	655	516,176.73	100.0	494,590.95	100.0	497,712.50	100.0

Lot	Cant.	Bid	Offer + or Yield
Charge	Price	Price	Price - Gr's

Guide to pricing of Authorised United Trusts

Compiled with the assistance of Lauro SS

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs. It is a constant charge on all units. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are offered to the public.

SALE PRICE: Also called redemption price. The price at which units are bought by the public.

CANCELLATION PRICE: The minimum redemption price. The minimum amount between the offer price and the cancellation price is paid over by the investor. In practice, most unit trusts have a cancellation price of 50% of the offer price. The unit trust price is set above the cancellation price. However, the bid price after the first year, usually in circumstances in which there is no income available.

TIME: The same above stipulated five years running means the time in which you need to hold the unit before you can cash in the units by the sponsor without incurring any initial cost. The formulae are as follows:

Income: (1941 to 1942) Income: (1942 to 1943) Income: (1943 to 1944) Income: (1944 to 1945) Income: (1945 to 1946) Income: (1946 to 1947) Income: (1947 to 1948) Income: (1948 to 1949) Income: (1949 to 1950) Income: (1950 to 1951) Income: (1951 to 1952) Income: (1952 to 1953) Income: (1953 to 1954) Income: (1954 to 1955) Income: (1955 to 1956) Income: (1956 to 1957) Income: (1957 to 1958) Income: (1958 to 1959) Income: (1959 to 1960) Income: (1960 to 1961) Income: (1961 to 1962) Income: (1962 to 1963) Income: (1963 to 1964) Income: (1964 to 1965) Income: (1965 to 1966) Income: (1966 to 1967) Income: (1967 to 1968) Income: (1968 to 1969) Income: (1969 to 1970) Income: (1970 to 1971) Income: (1971 to 1972) Income: (1972 to 1973) Income: (1973 to 1974) Income: (1974 to 1975) Income: (1975 to 1976) Income: (1976 to 1977) Income: (1977 to 1978) Income: (1978 to 1979) Income: (1979 to 1980) Income: (1980 to 1981) Income: (1981 to 1982) Income: (1982 to 1983) Income: (1983 to 1984) Income: 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WORLD STOCK MARKETS

Bourses firm on hopes of lower rates

CONTINENTAL bourses chose to focus on lower interest rates, following the US Federal Reserve's cut on Thursday, writes *Our Markets Staff*.

FRANKFURT rose in trading marked by wide swings in individual stocks. The day improved from a 0.82 decline to 0.92 in the FAZ index at mid-session to a 0.37 rise to 1,776.99 in the DAX at the close, leaving gains on the week of 0.4 and 1.3 per cent respectively.

Turnover jumped from DM6.5bn to DM8bn. Among blue chips, chemicals recovered from rumours of downgrades to close narrowly mixed, and carmakers climbed again with BMW DM7 higher at DM593, Daimler DM7 higher at DM770 and Volkswagen, which had gone ex-dividend, a net DM9.30 higher at 336.80.

Banks extended their gains sedately after the US discount rate cut, reflected in a drop in the Bundesbank's average bond yield of 9 basis points to 8.25 per cent.

Still among the DAX constituents, there were big moves in Lufthansa and Continental. The airline ended DM9.80 lower at DM114.70, after DM105 following its DM600m operating loss for the first five months of 1992.

The tyre maker, however, rose DM9.50 to DM267 on speculation that Pirelli could overturn its voting rights limit and relaunch its failed takeover bid.

Among second-liners, Asko resumed trading with a drop of DM109 to DM636, above a day's low of DM601, after a three-day suspension during which it announced a loss and passed the dividend.

PARIS recouped Thursday's fall but trading was confined to a fairly narrow range. The CAC 40 index rose 10.12 to 1,853.64, down 1.6 per cent on the week, in thin turnover of FF1.64bn.

Suez was one of the most active shares, dropping to FF3.80 to FF270.20, on fears that it would have to increase its property provisions for 1992. The company has already warned shareholders that it will have to make provisions of FF1.2bn.

Euro Disney dropped FF1.70 to FF108.10 on fears that the French ferry drivers' blockades would harm the theme park's attendance figures.

MILAN ended slightly higher after a nervous and volatile session. There was some professional buying at the start, in anticipation of a technical rebound next week, but the lack of follow-through buying by institutions prompted some dealers to square their positions ahead of the weekend.

Dealers were also worried that opposition parties' calls for the resignation of the new finance minister, Mr Giovanni Goria, in connection with two scandals, could put the country's new government at risk.

The Comit index fell 0.35 to 444.16, down 3.9 per cent on the week.

STOCKHOLM finished flat to lower in thin trade with the Åkersvården General index 2.5 down at 914.6, 0.7 per cent down on the week.

Foreign interest helped three blue chips buck the trend, Asea B rising SKr2 to SKr392, Volvo by SKr3 to SKr385 and Astra B by SKr7 to SKr322, but volume slipped to a very thin SKr245m from SKr392m a day earlier.

In COPENHAGEN, the all-share index fell 0.78 to 319.50, also in very thin trading, writes *Hilary Barnes*. Hafslund Holding was still suspended and a statement was awaited concerning its rights issue, subscriptions to which were postponed on Thursday.

OSLO recovered earlier losses to close virtually unchanged in slow summer trade focused on the insurance company, Uni Storebrand.

The all-share index ended 0.08 higher at 393.25, down 2.8 per cent on the week, as Uni Storebrand recovered NKr1 to NKr31m 315,000 shares after a mid-week fall on a report, since denied, that the company was close to technical bankruptcy.

HELSINKI hit a new 1992 low in slow trade, the Hex index falling 3.5 to 750.7, 2.2 per cent down on the week.

STOCKHOLM fell on continued profit-taking, as the 75-share index lost 68.7 to 3,175.95.

Mexican bolsa loses its international appeal

Foreigners are selling out on concerns about the economy and corporate earnings, says Damian Fraser

Mexico's stock market has lost some of its glitter in the past month. The foreigners who pushed the market up and up for two years have taken fright, causing the market to fall 15.5 per cent in June, the sharpest drop since October 1987.

While the market has recovered somewhat this week, some analysts warn that it remains vulnerable. Economic growth is sluggish, which is likely to have an impact on second quarter earnings. "If one of these [large] companies reports bad earnings, I can see the market falling again," says Mr David Hale, chief economist at Kemper Financial Services.

The capacity for unpleasant surprises remains since most Mexican companies and analysts do not bother too much about quarterly earnings forecasts, while many American analysts do not understand Mexico's complicated inflation accounting.

This room for misunderstanding between the Mexican and US cultures was brought home last month when largely unfounded rumours over the sale of Telcel stock by the telephone union caused a certain panic in New York, and a sharp drop in Telcel's share price. Before Telcel had time

to recover, an attack on its growth prospects and accounting practices by an independent US analyst, Mr David Rosenberg, caused the price to fall once again.

"What you have," says Mr Terry Mahony, who manages the Baring Puma Fund, "is completely neophyte investors applying American analytical techniques to Mexico." Other US investors put it differently. Mr Robert Gay of Bankers' Trust says: "Mexican companies do not recognise the information required of them. Last year's numbers are never the same, and are always being revised."

Foreign investors ploughed into the Mexican market last year and in the first few months of 1992, raising their stake from a modest \$4.25bn at the beginning of 1991 to \$27.2bn at the end of May. They became the dominant force in the bolsa, holding 20 per cent of the market capitalisation, and between one-half and two-thirds of the market float - that is, those shares which are actively traded.

Until last month foreigners had been rewarded handsomely, with the market more than doubling in 1991, and up 33 per cent in the first five months of this year. But in June a series of troubling

events led to a rapid sell-off by the more fickle investors.

Top on the list of bad news was uncertainty over the US election, caused by the then growing popularity of Mr Ross Perot and the fear that, if elected, he would not support the North American free trade agreement (Nafta).

While brokers are keen to say that Nafta merely makes Mexico even more attractive, the perception among many investors is that the agreement is crucial for the long-term stability of Mexico's economic policy. When Nafta's future came in doubt, many started to sell.

Two worrying trends exacerbated the bad news. First, there was the overwhelming

amount of stock that Mexican companies were offering on national and international markets. In 1991 Mexican companies offered \$4.8bn of new stock, and to mid-June this year another \$4.3bn. Add to that the figure of roughly \$12bn of bank stock auctioned off by the government, and over \$21bn worth of new Mexican equity has been sold in 18 months.

"That is equal to 6.7 per cent of Mexico's GDP," says Mr Timothy Heyman of Baring Research in Mexico City. "In the US it would be like trying to sell off nearly \$400bn of stock in 18 months."

The straw that broke the market's back was the proposed offering of 220m shares in Banacel, comprising Mexico's largest bank, Banamex, which was intended to fetch \$1.5bn.

The offering, personally supported by Mexico's finance minister, Mr Pedro Aspe, served little obvious purpose, since Banacel is well-capitalised, and its owners had already paid the government \$3.2bn for 70.7 per cent of the shares in the recently privatised bank without difficulty.

At the last minute, the offering had to be abandoned because of the market fall in June. With it, a host of other

issues in the pipeline, led by Grupo Simec and Grupo Synkro, were postponed.

A further concern is the perceived slowdown in Mexico's economy this year. Mr Gray from Bankers' Trust expects Mexican growth to be around 3 per cent this year, and warns that some companies' earnings will be disappointing. As he points out, Mexico has tightened short-term interest rates since April, with rates up by around 5 percentage points.

Companies geared to the consumer and construction markets are likely to suffer from the higher rates. Cemex, Mexico's main cement producer, reckons that volume will increase by 9 per cent in the second quarter, against the 10-11 per cent previously forecast. Also, in April, a number of Mexican banks which had bought bonds offering 2 per cent above inflation are reported to have lost heavily as nominal rates have climbed to 16.5 per cent, 4.5 percentage points above expected inflation for 1992.

The peso has been weak in the second quarter, which means that the dollar earnings of US-quoted companies - in particular Telcel, 25 per cent of the market, and Vitro, the country's largest industrial company - will be lower than

many US analysts expected.

The bolsa nevertheless rallied this week, as many experienced investors believed that the market had over-reacted to the bad news. Mr Luis Pellat, an analyst at Banamex, argues that "the market is undervalued with respect to the valuations we have for the companies. We see this as a moment to position ourselves for the long term." The market has a prospective price/earnings ratio of 11 for 1992, down from 13 just one month ago.

Whether this a good buy or not depends a large part on the mood in the US, and its inclination to invest in emerging markets. A flight to quality would hurt Mexico more than most, since it needs substantial capital inflows to finance its mushrooming current account deficit, expected to top \$16bn this year.

Mr Jorge Mariscal, manager of Latin American equities research at Goldman Sachs, says that Mexico has already been victimised by the bearish mood among international investors. He doubts that this will change in the short-term. "I don't think the Mexican market will do much until the uncertainty over the US elections is resolved," he says.

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amount of stock that Mexican companies were offering on national and international markets. In 1991 Mexican companies offered \$4.8bn of new stock, and to mid-June this year another \$4.3bn. Add to that the figure of roughly \$12bn of bank stock auctioned off by the government, and over \$21bn worth of new Mexican equity has been sold in 18 months.

"That is equal to 6.7 per cent of Mexico's GDP," says Mr Timothy Heyman of Baring Research in Mexico City. "In the US it would be like trying to sell off nearly \$400bn of stock in 18 months."

The straw that broke the market's back was the proposed offering of 220m shares in Banacel, comprising Mexico's largest bank, Banamex, which was intended to fetch \$1.5bn.

The offering, personally supported by Mexico's finance minister, Mr Pedro Aspe, served little obvious purpose, since Banacel is well-capitalised, and its owners had already paid the government \$3.2bn for 70.7 per cent of the shares in the recently privatised bank without difficulty.

At the last minute, the offering had to be abandoned because of the market fall in June. With it, a host of other

issues in the pipeline, led by Grupo Simec and Grupo Synkro, were postponed.

A further concern is the perceived slowdown in Mexico's economy this year. Mr Gray from Bankers' Trust expects Mexican growth to be around 3 per cent this year, and warns that some companies' earnings will be disappointing. As he points out, Mexico has tightened short-term interest rates since April, with rates up by around 5 percentage points.

Companies geared to the consumer and construction markets are likely to suffer from the higher rates. Cemex, Mexico's main cement producer, reckons that volume will increase by 9 per cent in the second quarter, against the 10-11 per cent previously forecast. Also, in April, a number of Mexican banks which had bought bonds offering 2 per cent above inflation are reported to have lost heavily as nominal rates have climbed to 16.5 per cent, 4.5 percentage points above expected inflation for 1992.

The peso has been weak in the second quarter, which means that the dollar earnings of US-quoted companies - in particular Telcel, 25 per cent of the market, and Vitro, the country's largest industrial company - will be lower than

many US analysts expected.

The bolsa nevertheless rallied this week, as many experienced investors believed that the market had over-reacted to the bad news. Mr Luis Pellat, an analyst at Banamex, argues that "the market is undervalued with respect to the valuations we have for the companies. We see this as a moment to position ourselves for the long term." The market has a prospective price/earnings ratio of 11 for 1992, down from 13 just one month ago.

Whether this a good buy or not depends a large part on the mood in the US, and its inclination to invest in emerging markets. A flight to quality would hurt Mexico more than most, since it needs substantial capital inflows to finance its mushrooming current account deficit, expected to top \$16bn this year.

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INVESTMENT TRUSTS - Cont.

Notes	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994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De Klerk accused of ignoring ANC demands on violence

Mandela rejects offer of talks

By Julian O'Connell in Abuja and Philip Gawth in Johannesburg

MR NELSON MANDELA, leader of the African National Congress, yesterday ruled out an emergency meeting offered by President F.W. de Klerk, saying he wanted the government first to meet ANC demands on violence.

"De Klerk has completely evaded all our demands and adopted a very negative tone which puts us in a worse position than before," Mr Mandela said in Abuja, the Nigerian capital, after meeting President Ibrahim Babangida.

"We will only go to an emergency summit meeting if he complies with the demands we have presented."

The ANC is seeking an international inquiry into the massacre

of 42 people at Boipatong near Johannesburg last month. It broke off talks in protest against government intransigence at negotiations and ongoing violence in the country.

Chief Emeka Anyaoku, the Nigerian leader of the Commonwealth, yesterday held talks in South Africa with political leaders, signalling the prospect of increased international efforts to help resolve the deadlock.

His visit follows the announcement by Mr Boutros Boutros Ghali, the United Nations secretary general, that the UN was prepared to mediate in South Africa, and talk of a visit by a troika of European Community foreign ministers.

Chief Anyaoku met Chief Mangosuthu Buthezi, leader of the mainly Zulu Inkatha Free-

dom Party following earlier meetings with Mr de Klerk, and with Mr Mandela, whom he saw in Dakar, the Senegalese capital, during the Organisation of African Unity summit.

A delegation of business leaders yesterday also met Chief Buthezi as part of a programme to visit all the main political leaders to encourage a quick resolution of the impasse. The South African Chamber of Business has also announced that businessmen across the country will make themselves available to monitor police responses to violence.

But Mr de Klerk's strongly-worded attack on the ANC this week, in which he accused it of being an unreliable negotiating partner, leaves the two main political players set on a confrontation course. The ANC remains

committed to mass action to try to hasten the transition to democracy, while the government says it will not tolerate ANC attempts to seize power.

Mr Mandela said yesterday that these allegations were "utterly false" and also rejected charges that the ANC stand on township violence was "hard line" saying "people must use mass action and the power they have when discussions with the authorities have become futile".

Despite the confrontational tone of government comments, contained in a letter to Mr Mandela, the path back to the negotiating table has not been shut off. An appendix to the letter sets out a number of proposed government concessions.

The gulf widens, Page 6

French truckers switch focus of protest to south

By Alice Rawsthorn in Paris

FRENCH roads remained chaotic yesterday despite the government's efforts to end the lorry drivers' dispute. Some roadblocks were cleared in the north but new ones were erected in the south.

Force Ouvrière, one of the trade unions involved, threatened to step up its protest because of the government's refusal to abandon plans to introduce a new penalty system under which driving licences can be forfeited for motoring offences.

Mr Pierre Bérégovoy, the prime minister, held an emergency meeting of ministers in the morning to try to resolve the dispute. The government has already threatened to suspend lorry drivers' licences unless they abandon their protest. The transport ministry has been sending regional representatives to negotiate with the protesters.

Some truckers have already dispersed. By yesterday morning, roadblocks had been cleared from some sections of the motorways around Paris, Lille and other parts of northern France. A con-

voy of 200 Belgian lorries trapped near Lille was escorted to the border by riot police.

It was a different picture in the south where many roads remained blocked. In Toulouse, one band of lorry drivers started to dismantle their roadblock, only to be replaced by another group. Truckers also continued their strategy of sealing off individual targets such as petrol depots.

The dispute has led to shortages of food, fuel and medical supplies. This weekend the government is suspending the usual weekend restrictions on heavy goods vehicles in an attempt to speed up deliveries.

Taxi drivers in Lille reinforced the truckers' campaign by staging their own protest against the new system, driving through the city at snail's pace.

In London, Mr John MacGregor, the UK transport secretary, attacked the "enormous disruption both to business and to people's annual holidays". Belgium advised its citizens not to travel through in France.

Head-on collision, Page 7



A lorry driver manages to keep clean on the A1 near Paris

Mayhew says aim is self rule for Ulster

By Ralph Atkins

SIR Patrick Mayhew, the Northern Ireland secretary, has said he would like to devolve wide-ranging powers to a new Northern Ireland administration - "at least" to the same degree as the Stormont government that was suspended in 1972.

British government policy for the last two decades has been to help the society of Northern Ireland to develop and, "enable it once again to become self governing, to the extent at least that it was when Stormont had jurisdiction. That is our objective," Sir Patrick said in an interview with

the Financial Times. The government is committed to finding agreement with the main constitutional parties in Northern Ireland and the Republic of Ireland on new forms of government for the province. But Sir Patrick's comments give the clearest insight yet into his own thinking since he took over the job three months ago.

They contrast with the support of some Unionists and Conservative MPs for an "integrationist" policy, in which Northern Ireland would be ruled much like other parts of the UK. Unionist and nationalist politicians are due to begin talks on

Monday with the Irish and UK governments on "strand two" of the nine-week-old inter-party talks process. This is the point at which the Irish government enters negotiations to talk about relations between north and south Ireland.

Before the imposition of "direct rule" of Northern Ireland from Westminster in the early 1970s, Stormont had responsibility for most policy areas, including, critically, internal security. Westminster retained control of national defence, foreign affairs, major taxation items, and customs and excise.

Sir Patrick has also indicated

that he would not oppose a Bill of Rights for Northern Ireland - a proposal backed by all the main constitutional parties in the province during the talks process. There is, however, a dispute between Unionists and nationalists about what such a Bill of Rights might contain.

Sir Patrick said he opposed incorporating the European convention on human rights into English and Welsh law but added: "It doesn't flow from that that I would necessarily oppose a bill of rights for Northern Ireland."

Big man lets himself go, Page 6

Nike clothes may be run out of Games

By Peter Bruce in Madrid

NIKE, the US sports shoe and fashion giant, is facing a painful Olympics in Barcelona later this month after a ruling by Spain's highest court that it cannot advertise its clothes in Spain and that its sponsored athletes at the Games may not wear its racy logo.

Choosing their moment with deadly precision, two Catalonians have gone to the courts claiming

that they have had the Nike name, and an emblem very similar to the US Nike company, registered in Spain since 1982.

The court bought their story. The two are said to be asking \$30m (£15.7m) for "their" marque.

Nike was not available for comment late yesterday but its Spanish representatives have appealed against the ruling by the Constitutional Court (Barcelona branch) on June 30. Their prob-

lem is that the wheels of Spanish justice grind hideously slowly and the games are just three weeks away.

Expansion, the Spanish newspaper which unearthed the ruling, is this morning quoting local Nike (US) representatives as saying the damage to the company would be "irreversible and irreparable" if its athletes are not able to sport the company logo during the games.

While the ruling does not mean

that Michael Jordan and Katrin Krabbe will have to compete without their shoes on, it could mean that TV closeups of their victorious heaving chests will be free of advertising.

It also means Nike would have to take down its hoardings in Barcelona and the rest of Spain.

Nike was planning to use the Games to help launch a multimillion dollar range of sports clothes in the autumn.

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Weekend FT

SECTION II

Weekend July 4 / July 5 1992

The superbug destroying our defences

New and virulent strains of TB are posing a worldwide health threat. Susan Davies and Jamie Davies report

"I kept imagining all the things that were going on physiologically: the lungs aren't getting enough air into the blood, which makes the brain fogged out and the heart weaker, which makes the breathing more difficult. I kept expecting some sort of an overwhelming effect, with everything coming in together in a dramatic collapse. But it didn't appear that way at all: she just slowly got more foggy, and her breathing gradually became less and less, until there was no more breath..."

THUS Richard Feynman, Nobel Prize-winning atomic physicist, describing the death of his wife, Arlene, from tuberculosis in 1946. Such scenes are enacted to this day, even in the most advanced western hospitals. There are at least four doctors dying of TB in New York, and the incidence of the disease is rising alarmingly. Tuberculosis is back - with a vengeance.

This lingering and fatal disease has been endemic for thousands of years. Skeletons from a Neolithic site near Heidelberg in Germany bear its scars; it has been identified in Egyptian mummies, and it was described by Hippocrates and Galen (the Greeks referred to it as *phthisis*).

Shrouded for centuries in myth and superstition, the cause of TB was first identified in 1882 by the German pathologist Robert Koch, who isolated a previously unknown species of bacterium, *Mycobacterium tuberculosis*. During the slow, inexorable course of the disease, these bacteria evade their host's defences and gradually eat away at tissues - hence the popular name, consumption - producing increasingly severe bouts of fever and weakness.

The impact of any disease on a population is governed by two main factors: the efficiency of its spread to uninfected individuals, and the resistance of those individuals to attack. For TB, the most important route of infection is through the air, when infectious droplets are coughed up by sufferers and inhaled by other people.

Minor routes include contaminated food, especially milk from tuberculous-infected cattle. Con-

dition is encouraged by crowding and mobility. Resistance to infection is governed by individuals' general health, specifically nutrition and freedom from other sickness.

In Britain's agrarian economy of the Middle Ages, consumption was a familiar but relatively unimportant disease. Although the population was often undernourished, it was fairly small, scattered and immobile. Only during the stressed conditions of the Civil War in the 17th century, which brought crowding, mobility and poor nutrition, did the incidence of tuberculosis increase dramatically.

As trade and commerce developed throughout Europe, towns began to grow rapidly, and people started to live in cramped conditions. By 1750 the incidence was rising again, and in Naples in 1783 consumptive patients had to be reported to the authorities. Their belongings were cleaned or destroyed and their houses replastered - all at public expense. There were heavy fines for non-compliance.

In England, the labouring poor were forced into mill towns and swelling cities. In Victorian times, TB was responsible for a fifth of deaths in English industrial towns. The US was similarly affected: between 1829-1845, eastern seaboard

disease developed a cult following. By 1834, Alexander Dumas could record: "It was all the fashion to suffer from a chest complaint; everybody was consumptive, poets especially; it was good form to spit blood after each emotion that was at all inclined to be sensational, and to die before reaching the age of 30."

What helped create this popularity was the perceived increase in vitality of sufferers when in a feverish state. The "romantic" artists and poets were impressed by the similarity of the flushed face and delicate disposition of a consumptive to those of a passionate lover. English literature owes a considerable debt to TB.

At the height of this misguided romanticism, Lord Byron said he hoped he might die of consumption "because all the ladies would say: 'Look at that poor Byron, how interesting he looks in dying.'" John Keats, ironically a licensed apothecary and general practitioner of medicine, died of TB thought to have been contracted while nursing his consumptive brother.

Robert Koch's discovery of the biological basis of TB brought an end to this romanticism, and heralded the beginning of a medical counter-attack. Once contagion was

part of the last century isolated severely contagious patients.

In 1912, TB was made a notifiable disease in England and Wales, providing a means of state-organised control. Careful hygiene proved enormously effective, even in the absence of more advanced medical techniques.

The first truly medical, rather than sociological, weapon to be developed against TB was the BCG vaccination. In 1906, the bacteriologist Calmette isolated a culture of bovine TB bacteria, which he and Guérin mutated and bred in the laboratory until they had a non-virulent strain. The first successful trials of BCG took place in 1921; by 1934 more than 60m people had been vaccinated worldwide.

The second medical defence, and the first to be of great use to patients already suffering from the disease, was the arrival of antibiotic chemotherapy in the years following the Second World War. The combined strategies of improved hygiene, elimination of bovine TB from milk herds, vaccination and antibiotic therapy effectively ended TB's reign: in the early 1900s, 0.16 per cent of the British population died of consumption each year; by 1961 this had dropped to 0.0074 per cent.

However, while the West has enjoyed the results of its battle

against the disease, there remains an immense reservoir of TB in the rest of the world. Individual travellers and migrating populations provide a continuous source of virulent bacteria to challenge healthy developed countries. The challenge used to be resisted, but in recent years tuberculosis has managed to gain a new and lethal hold, and is becoming a crisis in "advanced" First World cities such as New York, which has more than 25,000 TB sufferers. Again, critical factors of spread and susceptibility provide a means of understanding the threat.

A partial explanation of the rise of infection lies in the socio-economic conditions prevalent in large cities, which are once again a focus of endemic poverty, homelessness and over-crowding. Areas of New York, Los Angeles and perhaps even London have degenerated into the very squalor whose abolition was so important in the battle against disease last century.

The rest of the explanation arises from people's resistance to infection, which is decreasing for several reasons. The first - general ill-health - is inseparable from poverty. The second is the appearance of individuals with significantly defective immune systems, either because they are under immunosuppression to prevent transplant

rejection, or more commonly because they suffer from leukaemia or Aids. The third reason is the decreasing ability of antibiotic chemotherapy to protect those infected by TB bacteria.

In New York, almost half the TB samples taken from new patients are resistant to one antibiotic, and one strain is resistant to 11. Our capacity for chemotherapeutic treatment of the disease is being eroded quickly. Clearly, action needs to be taken.

Global eradication of the disease is not feasible (only smallpox has been eradicated so far). Practical strategies mostly echo those of the past. The problem of urban poverty and homelessness has proved disappointingly intractable. It is estimated that New York alone has 90,000 homeless, a third of whom are infected with HIV or have Aids. Education has been of great service in the past, but its present lack of success in controlling drug abuse is worrying. A programme of vaccination offers great hope of increasing the resistance of uninfected individuals, and New York's governor, Mario Cuomo, has proposed that state funds be used to purchase vaccine for the city's poor.

Faced with the threat of epidemic, basic science has taken arms once again against TB. After the initial success of chemotherapeutic

approaches in the 1960s, little further work was done and much remains to be learned about the basic biology of *Mycobacterium tuberculosis*. Even the composition of its unusual outer coat, the part of the bacterium detected by the immune system, is not understood in any detail.

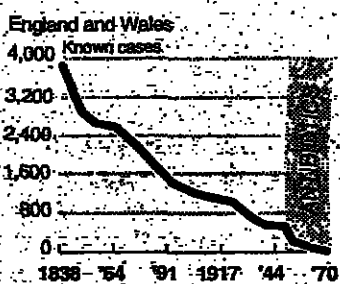
Increased knowledge of this parasite's biochemical composition is deemed so important that the Human Genome Project - the immense international collaboration aiming to read the entire genetic code of human beings - is being extended to include reading the (much smaller) genetic code of the TB bacterium. With luck, the work will result in new "designer drugs" aimed at specific weaknesses. However, these will need to be used with caution, lest further resistant strains are generated.

More immediately, science is coming to the aid of busy clinicians through the development of tests for the presence of TB which take hours rather than weeks, and a rapid means of testing for antibiotic resistance.

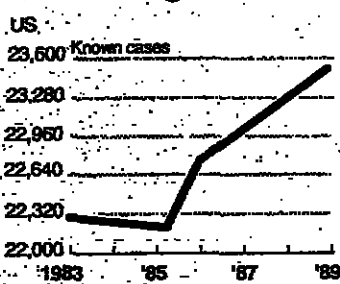
The re-conquering of tuberculosis is likely to be slow, difficult and expensive. TB's reappearance should remind us that our accustomed freedom from infectious disease was not easily gained, and requires vigilance and care.



Tuberculosis' decline...



...and resurgence



cities had an average annual TB mortality of around 400 per 100,000.

Unlike the other great killers of the 18th and 19th centuries, such as typhoid, cholera and diphtheria, TB is a slow, wasting disease which sends its victims to their deaths only gradually. To the Victorians, with their almost obsessive interest in death, a consumptive's unhurried decline had an air of heroic, macabre romance, and the

understood, action could be taken to reduce it as much as possible. Alleviation of poverty was an early and important step, increasing resistance and reducing crowding. Campaigns of information about the disease, often funded by private unions and societies, helped educate the public; the newly-invented process of pasteurisation prevented infection from cow's milk, and the introduction of sanatoria in the lat-

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The Long View/Barry Riley

Garbage in, garbage out



THESE ARE hard times for forecasters. Having got their 1991 economic predictions wrong by often 3 percentage points of national income - an enormous margin - it is beginning to look as though the same number-crunching disaster may be happening again in 1992.

Take the Treasury, which is not actually the worst offender, in spite of all the political pressures on it last year to be starry-eyed. Last November its computer served up a forecast of 2 1/2 per cent economic growth in calendar 1992. By the time of the March Budget this had been revised down to 1 per cent. The Treasury has no reason to publish another official forecast until November, but the average growth in independent forecasts appears to have come down to under 1/4 per cent and this week the Treasury was warned by manufacturers that output, far from beginning to recover, is turning weak again.

Elaborate computer models disguise the fact, but economic forecasts actually look backwards rather than forwards. This is because the model is designed to emulate past situations which appear to parallel those of the present, and it is then assumed that economic events will unfold in more or less the same way. The trouble comes when some crucial factor is different. There has been no recession like the present one since the 1930s, long before forecasting became popular. The memory chips have no relevant entries. This is why the uncomprehending electronic boxes have been cranking out empty promises of growth while the economy is locked into a declining trend.

In the stock market, too, optimism is a hard habit to break. I remember being struck by the extraordinarily upbeat attitudes of stockbrokers at their seminars towards the end of last year. Brokers are always bullish, of course: no surprises there. But they normally predict a rise in share prices of 10 to 15 per cent over the ensuing year. Yet firms such as James Capel, Kleinwort Benson

and Goldman Sachs were predicting gains of 25 to 30 per cent in 1992. On the back of a strong economic recovery, company profits were going to jump by up to 25 per cent. In fact the first half of the year has produced an advance of just 2 per cent in the All-Share Index, even including the boost from the Tory election victory.

I never believed the economic recovery story, and last December I suggested that any profits upturn would be a story for 1993 rather than this year. But I thought that a fall in interest rates would encourage some modest share price gains. It turns out, however, that I was too optimistic in hoping that German interest rates would start coming down by the middle of the year. We will now be lucky to see any falls before 1993. Borrowers will remain badly exposed.

Regular readers of this column will know that I have been appalled at the relentless build up of debt. Personal debt, for example, doubled between 1980 and 1990 as a percentage of disposable income: the ratio has stopped growing but it is not falling. To begin with the Treasury regarded such borrowing as unimportant, merely marking a "portfolio shift" of assets and liabilities following financial market deregulation. By last year it realised it might be wrong, but politically could not afford to draw the logical conclusion that this debt mountain might prevent economic recovery. If house prices and national income continue to slide during the second half of the year the computer model will, however, surely have to be reprogrammed. But no serious policy changes are possible while the UK stays within the European exchange rate mechanism; and the ERM is surely sacrosanct during the UK's six-month presidency of the European Community.

Government ministers are notoriously fond of saying that the economy is just about to pick up. Like the desperate company chairman who writes in his annual report that "your company

is extremely well-placed to benefit from any recovery in demand" Norman Lamont, chancellor of the exchequer, is fond of saying that "all the classic elements of recovery are in place". Unfortunately they are not. The money supply is scarcely growing. Mortgage demand is weak. House prices are heading south. Without buoyancy here a sustained recovery will not happen.

Tim Congdon of Lombard Street Research has supplied me with some interesting figures on housing debt. Mortgage indebtedness as a percentage of housing equity has now reached an all-time peak of 43 per cent. If house prices were to fall by 6 per cent over the next year (as they have over the last 12 months) this ratio could climb to nearly 50 per cent. At the bottom of the last recession, the ratio was not much more than 20 per cent; this time around there will be no debt-financed recovery.

How can we get out of this mess? For the time being we will not follow the Americans, who this week slashed short-term interest rates to 3 per cent to stimulate the economy regardless of what happens to the dollar - now heading towards two to the pound. We could save our way out, and indeed this week's first quarter personal sector figures showed a saving ratio of 11.5 per cent, more than doubled in three years. Even so it would require many years of economic stagnation to pay down a substantial part of the debt burden like this.

Perhaps the intolerable will lead to the unthinkable. A less serious debt hillock in the 1970s was levelled through inflation. In 1978 inflation was 25 per cent but the net interest rate on debt was only 7 per cent. That neatly chopped 18 per cent off real indebtedness in a year. But the debt is much bigger now, and we would need three years like that to halve it. It probably will not happen like that. But if you are an economic forecaster you might do well to give your computer some practice on data from the 1970s as well as the 1930s - if, of course, you still have a job.

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MARKETS

London Markets

Grunts don't just afflict Wimbledon

By Peter Martin, Financial Editor

WEEPING skies and a regular low moan, traditional features of Wimbledon when Monica Seles is playing, have been equally appropriate in London EC1 this week. The precipitation has been as much economic as celestial: the moaning has come from investors watching the FT-SE 100 slide to pre-election levels.

Big-business economists have told the Treasury that the pickup in manufacturing output seen in the first quarter has halted. House sales have faltered in the last six weeks, after showing signs of recovery in the spring. Consumers are spending less of their income than at any time in nearly a decade. Companies are head-hunting 12 per cent fewer executives than a year ago. And Conservative MPs are starting to shift nervously on their green leather benches, mumbling that it is time for the government to do something to get the economy moving again.

All that leads to two questions: Is Britain trapped in a seemingly endless recession? And if it is, will the government make a big change in policy to escape from it?

City economists mostly answer "no" to the first question, though they do not necessarily expect the upturn to amount to much when it comes. UBS Phillips & Drew, for example, one of the first forecasting teams to predict zero growth for 1992, expects 1993 to bring a 1½ per cent rise in GDP – not much of a recovery, but not a continued recession.

Economists, who do their calculations on the basis of unchanged government policies, are not the best people to ask for an answer to the second question. Political journalists, who spend their time sniffing the wind for the scent of a U-turn, are probably a better guide. So here is what the FT political team thinks:

■ At the moment, Tory MPs are looking for signs of action, rather than a real change of course. Pressure could mount by the autumn, though, especially if the party conference looks like proving difficult as anti-EC sentiment among some constituency associations spills over into the debate about the impact of the ERM on the UK. ■ Still, John Major will not shift. He and his team don't

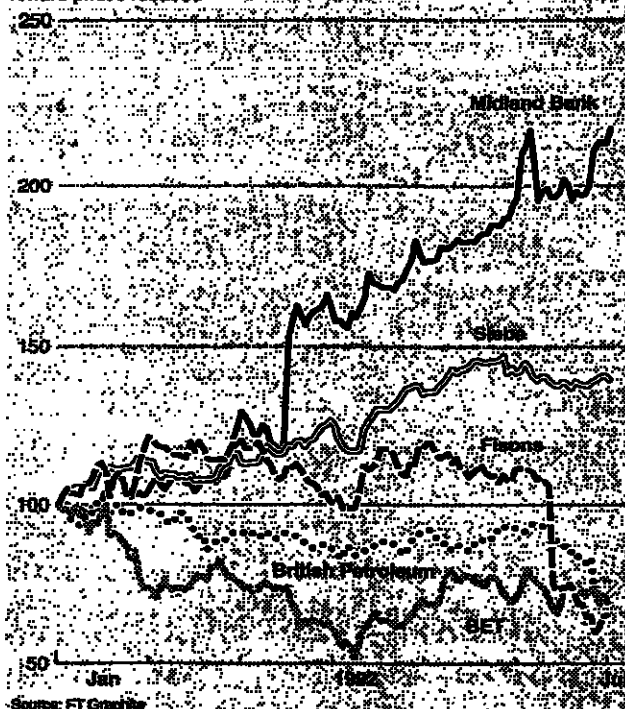
think a small devaluation would do any good, since the loss of credibility it would involve would push interest rates up rather than down. A big devaluation is out of the question – not least because the ERM, in the prime minister's view, provides the essential framework for anti-inflationary policy which was missing in the 1980s.

■ That leaves one other possible escape route: a big shift in thinking among other EC governments, especially France. So far, only Labour is pushing that idea: John Smith raised the possibility of a concerted EC growth strategy involving lower interest rates and an ERM realignment in the Commons on Thursday night. If pressures continue to grow in France and elsewhere, that may become a talking point among Conservatives, too, by the autumn.

In the meantime, the markets are clutching at straws. On Friday, after US interest rates dropped to levels not seen since the Beach Boys were thin, the stock market jumped to the conclusion that a cut in UK interest rates was also on the way. Traders were

Best and worst in the FT-SE 100

Share prices rebounded



Source: FT Securities

over-reacting to some not-very-exciting moves by the Bank of England in the money market, but the hope of lower rates was enough to take the FT-SE 100 index back up again towards the 2,500 mark. The FT-SE closed on Friday at 2,497.1, up 21 points on the day but down 37 points on the week.

The economy was not the only cause of that decline, however. Just as important, in institutional investors' minds, was the flow of bad news about share issues. After the GPA float was pulled last month, almost nothing has gone right. The *Daily Telegraph* issue met with a resounding lack of enthusiasm among private investors. MFL, the furniture business, and Anglian Group, the double-glazing supplier, both found underwriters, but at prices much lower than had been hoped for. Del Monte Foods International followed 3i in postponing its planned float until times were better. All the while the sale of Wellcome shares shows every sign of going ahead, there are plenty of white knuckles visible.

Two results this week provided contrasting pictures of how to deal with recession. British Steel announced a £55m pre-tax loss for the year, and cut its dividend by three quarters. The share price dropped to half its privatisation level. GEC, by contrast, announced

profits up 1 per cent and a dividend up 5 per cent. Cash reserves rose from £528m to £576m, and the company's net cash (including that held by its joint-venture subsidiaries) is £1.46bn. British Steel shares ended the week at 64p, down 6p; GEC closed at 207p, up 9p.

The first half of the year, which ended on Monday, saw a 2 per cent rise in the FT-Actuaries All-Share Index. Among big companies the best performer was Midland Bank, up 113 per cent thanks to the successful takeover bid by Hongkong & Shanghai Banking Corporation. Other rises were less remarkable, but three big companies managed to increase in value by a third or more: Siebe, Thames Water and Guardian Royal Exchange.

At the bottom end of the scale, British Petroleum was down by just over 50 per cent, hit by concerns about the dividend and British Aerospace dropped 23 per cent. Given the outlook for oil companies and defence contractors, those figures were perhaps not surprising. But the drop in the shares of Glaxo and Wellcome, both down by 20 per cent, reflected the fading glamour of the big drugs stocks. SmithKline Beecham, which did not benefit quite so much from last year's over-enthusiasm, did much better: it ended the half year down less than one per cent.

Serious Money

The new age of uncertainty

By Scheherazade Daneshkhu

WE are living in uncertain times in which the expected does not happen and the unexpected does. The recovery, which everyone hopes to meet around the next corner, remains as elusive as ever. The stock market, even putting fears of a Labour government behind it, dropped to almost its pre-election level this week.

Investors who thought they would be spoiled for choice, because of the number of new issues coming to the market, are finding their indecision being taken care of for them.

First, GPA, an aircraft leasing company, cancelled its £3.5bn flotation just days before it was to go on to the market. Then, the share issue by the *Daily Telegraph* ended in ignominy when only 3m of the 13m shares available to the public was taken up. 3i and Del Monte have postponed their flotations.

The bitter vagaries of the stock market are illustrated only too well this week in our own stock market round-up of leaders and laggards.

Ailing Midland bank has become the market leader, while Wellcome, the successful drugs company and leader one year ago, is now a laggard.

"We go into work every day, wondering where the next shock will be coming from," confided one fund manager this week.

With the experts worried, it is hardly surprising that consumers are keeping their heads down.

A report this week from Mintel, the market research organisation, examined whether consumer confidence, supposed to rise in the wake of the general election, has returned. It found that although people are optimistic about the long term, they are uncertain and cautious for the present.

After the spending spree of the 1980s, the level of indebtedness has risen; with real inter-

est rates still high, people have learnt the lessons of easy borrowing the hard way.

The survey found that just under 60 per cent felt that borrowing for anything other than a house should be avoided and almost two-thirds said they would not use a credit card to buy goods. Surprisingly, more than half the 15- to 19-year-olds, whom one would have expected to be carefree, also concurred.

The reluctance to borrow shows that a consumer-led recovery is a long way off, said the report. This conclusion was further strengthened with the release of figures from the Central Statistical Office showing that savings by consumers are at a 10-year high. Real personal disposable income is up but people are choosing to save the increment rather than spend it.

Of course, if you have enough money to spend and save, it is a good time to do both. Inflation at around 4 per cent is low while interest rates at 10 per cent are high. For the same reasons, it is a bad time for borrowers.

Those who are in debt, although under less pressure than a few years ago, when interest rates were 15 per cent, will be better off spending their money on reducing their level of indebtedness and the amount of interest they have to pay.

Where should investors be keeping their money? The big debate is between equities as a long-term investment, and money on deposit or fixed rate instruments such as gilts, which are offering attractive yields.

There are two points to consider in any investment – the level of return and the security of capital. The volatility of the stock market in an uncertain economic climate is not good for frayed nerves and private investors appear to be turning more in favour of security than dreams of capital gain.

The Mintel survey found that

more than two-thirds of respondents wanted to put money into a "rainy day" savings account.

Safe products, such as Tax Exempt Special Savings Accounts and National Savings, have reported a buoyant inflow of funds.

Some £10bn has been put into Tessa since their introduction last year, with £3bn of this deposited in the first three months of the year.

National Savings contributed £552m to the Exchequer during May, the fourth best month on record, increasing the total to £40.8bn. The launch of a new fixed rate product later this month will increase this intake still further.

But it would be a mistake to eschew equities altogether. The argument that equities will not outperform as they did in the 1980s, because Exchange Rate Mechanism discipline means we are entering a low inflation era, is sound enough. But the rejection of the Maastricht treaty by the Danes last month was another surprise that served to increase uncertainties about the fate of the ERM.

There is still investor interest in collective funds, such as unit and investment trusts, which lessen the risk of equity investment by diversifying into numerous holdings. More than half the people surveyed by Mintel said they would consider this sort of long-term investment, while the Unit Trust Association reported an all-time high of £80bn in funds under management last month.

Although the crystal ball is looking very cloudy at the moment, the basic rules of investment hold good now as much as ever before.

Hold on to safe products such as Tessa and National Savings by all means; but, since the unexpected can happen, it is as well to spread some investment into equities in case the stock market does take off later in the decade.

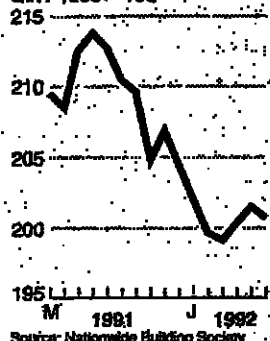
HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	2497.1	-37.0	2737.8	2382.7	Economic issue concerns
AMEC	120	-18	182	120	B2W downgrade
Airtours	224½	-31½	337	203½	Holiday price war concerns
BM Group	145	-58	417	81	Downgradings & financial worries
Bass	542½	-83	655	491	Holiday inn worries
British Aerospace	243	-19	379	242	Provision worries
Farnell Elects.	277½	-50½	335	227	Finance Director resigns
Forti	184	-22	262	184	Weak hotels/rights issue fears
Heywood Williams	269	-80	388	267	Profits warning
ICI	1174	-48	1410	1115	Broker downgrade
Ladbroke	202	-14	267	200	B2W downgrade
Royal Insurance	214	-24	273	169	Dividend cut fears
TSE	140	+8	153½	115	Vague bid rumours
Tarmac	98	-8	161	94	No signs of building recovery
Trafalgar House	87	-7	165	78	Dividend worries

AT A GLANCE

UK house price index

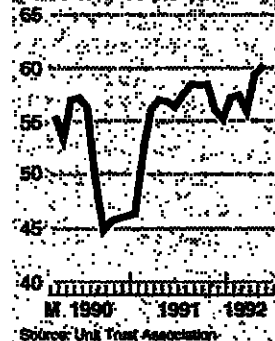
Cfr. 1983=100



Source: Nationwide Building Society

Unit trusts

Value of funds (£bn)



Source: Unit Trust Association

House prices fall 0.5 per cent

House prices fell 0.5 per cent last month after rising in April and May, according to Nationwide building society. An average house cost £55,671 in June, down £253 from the previous month, according to the Nationwide house price index. The society said many people were still delaying moves because of fears over job prospects and financial security.

Unit trusts breach £60bn barrier

Funds under management in unit trusts reached an all-time high in May, breaching the £60bn barrier for the first time. Net sales, at £235m, were the highest in May since 1967. The Unit Trust Association attributed this to increased confidence in stock markets, while new regulations on unit trust personal equity plans have also helped. Net inflow was greater than the £179m recorded for building societies during the month.

New fixed rate mortgages

Two new fixed rate mortgages came on the market this week. Nationwide Building Society is charging interest at 8.95 per cent the first year and 9.95 per cent for the following two years. Customers must pay a non-refundable reservation fee of £250 and take out Nationwide buildings and contents insurance, but they will be given one year's free mortgage payment insurance cover against accident or unemployment. Cheltenham & Gloucester Building Society has launched a mortgage fixed at 9.6 per cent (11.2 per cent APR) for two years. The mortgage is available on interest-only, repayment and remortgages for up to 90 per cent of value. There is an application fee of £150.

Two sides of the BES

The Business Expansion Scheme has spawned two new companies. HarleyScreen, sponsored by Matrix Securities, is looking for money to back its work developing and expanding an HIV and AIDS testing service. It raised £151,750 during the last tax year, and has raised £257,000 in total from the subscriptions. Providing it raises a further £53,000 via BES investors, it will receive a further £250,000 from venture capital organisations. Keele Cash, sponsored by Capital Ventures, is less speculative. Money from the scheme will be used to buy accommodation for Keele University. Keele has promised that in five years it will buy back the accommodation, paying £1.25 for every £1 spent now.

Jargon-free tax guide

The Lloyds Bank Tax Guide for 1992/93 is now available. It offers "jargon-free" information about tax, including 50 ways to save tax and a quick guide to checking your PAYE code and tax bill. The authors are Sara Williams, and John Willman, public policy editor of the *Financial Times*. Price £7.99.

More smaller companies gloom

Smaller companies endured another bad week. The Hoare Govett Smaller Companies Index (capital gains version) fell 2.77 per cent to 1178.72 over the week to Thursday, while the County NatWest index fell 1.97 per cent to 945.18 over the same period.

Lower interest rates and lower expectations

THE headline on the front page of the *New York Post*, as it often does, said it all. Next to a big picture of President Bush were the words: "10 million Americans out of work. George may be next."

The headline helps explain why the Dow Jones industrial average fell more than 20 points on the day the Federal Reserve instigated an interest rate cut that the market had been crying out for for the past two weeks.

Question: If the market has been desperate for a rate cut, why didn't it welcome the Fed's move on Thursday?

Answer: The Fed only cut interest rates after a dreadful set of June employment figures, and investors were more pessimistic about what the highest unemployment rate for eight years might do to President Bush's chances of re-election than they were optimistic about what lower credit costs might do to aid the economy.

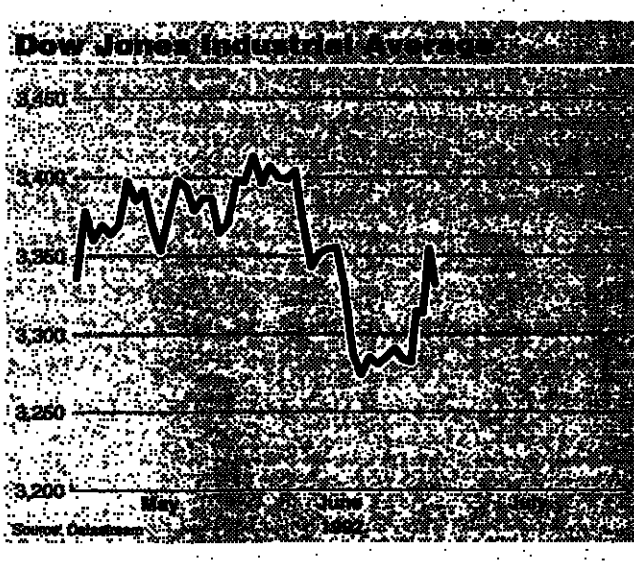
Recent reports have said that the White House is divided over what line to take on the economy – should it be guardedly optimistic or should

it try to keep a lid on expectations? – but recently, it is clear, the President has favoured the former. Only earlier this week he complained vigorously that the media was distorting the true economic picture so much that people were unaware of the good news about the recovery.

Bush's optimism looks dangerously foolish in the light of the June jobs data, and both political and economic pundits were quick to say afterwards that in the modern era no sitting President has won re-election with the economy in such a poor state.

In spite of Bush's obvious failings, the investing community appears to favour him over either Bill Clinton or Ross Perot, so it was no surprise that the market greeted Thursday's damaging employment news so gloomily.

The stock market was not just thinking about politics on Thursday, however. There was a good technical reason for the fall in stocks. The Dow had risen more than 70 points in the first three days of the week in anticipation/hope of a policy ease, so when the rate



cut came, it was already fully priced into the market. There was also a fundamental factor at work. If the economy is as weak as the employment data suggests, then expectations about corporate earnings may have to be quickly revised downwards. Economists have already had to lower their forecasts for

second quarter output growth in the light of recent poor economic statistics. Gross domestic product grew a modest 2.7 per cent in the first quarter of the year, and having originally expected second quarter GDP growth to exceed that, economists are now talking about second and third quarter GDP growth of between 1.5

per cent and 2.5 per cent. It is now quite possible that for all of 1992 GDP will grow at an annual rate of no more than 2 per cent, which would make it the slowest post-recession recovery since the Second World War.

Wall Street analysts will have to do some similar thinking to their corporate earnings estimates. With the labour market in such a poor state – the June employment report showed payrolls falling, the jobless rate rising, working hours declining and average earnings flat – consumer demand is likely to be weaker than expected.

If consumers are not spending much, and equally worrying, not saving much either (the consumer savings rate is about 5 per cent, well below the rate normally required for a robust recovery), Corporate America is not going to enjoy the profits growth everyone had anticipated.

US companies cannot even look abroad for help. Export sales are poor, even with a weak dollar, because foreign demand for US goods is being suppressed by the wobbly

global economy.

So where does the market go from here? The last time the Fed slashed interest rates (in late December), stock prices took off in an orgy of buying as investors rushed out of lower-yielding assets and into equities in the expectation that capital growth would be strong on the back of rapidly improving corporate earnings.

Do not expect a similar reaction this time. Since the robust economic and earnings recovery anticipated by those who bought stocks after the December rate cut never materialised, investors will be reluctant to make the same mistake twice. This time, they will probably wait for hard proof of better corporate profits before committing more funds to equities, which means the market could be in for a long, dull summer.

Patrick Harverson

Monday	3319.96	+ 97.45
Tuesday	3282.25	- 37.71
Wednesday	3284.1	+ 1.84
Thursday	3280.20	- 3.91
Friday	3280.20	- 3.91
Market closed		

The Bottom Line

An exclusive club that no-one wants to join

INVESTORS in British Steel have had to endure some heavy blows over the past year, and none could have been remotely surprised this week to have found themselves joining an exclusive, but unenviable, club.

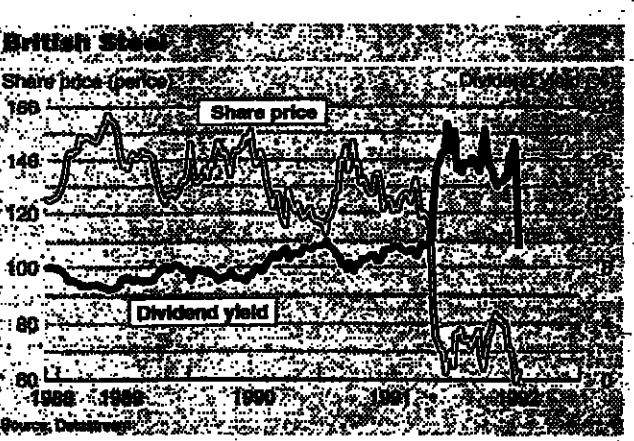
As workers at the Ravenscraig steel works in Scotland contemplate redundancy, British Steel's 307,000 shareholders – including 300,000 individuals – have joined the handful of privatisation investors to suffer a dividend cut. On Monday, the steelmaker reduced its final payout from 5.75p a share to 1.5p, and announced a £55m pre-tax loss.

It is all so different from 1989, when booming market conditions – and profits – lifted the shares from the 1988 flotation price of 125p to a peak of 159p. Last night, the shares closed at 64p, having touched a post-privatisation low of 52p earlier in the week.

Investors do not need reminding that British Steel is caught in one of the deepest recessions experienced by the industry worldwide. The reasons are well-known – severe downward pressure on prices caused by falling demand and overcapacity, growing pressure on EC markets caused by imports from eastern Europe, increasing foreign competition.

In the second half of last year, the share price took all this on board with a vengeance – plunging by nearly 30 per cent on November 11 when the company warned about the level of its final dividend and looked ahead gloomily on business prospects. "Clearly, the shares have been a disappointing investment," says Ian Lowe of Smith New Court. "They have underperformed the market by more than 50 per cent over the past year."

Remarkably, though, things could have been even worse



this week. The £55m loss may represent a dramatic fall from 1990/91 profits of £254m, but was smaller than virtually any one in the City had expected. And, despite hints to institutions that they could expect a 1.5p final dividend, there was still some relief that the pay-

out was not omitted entirely. This is the heart of the matter for investors. After the fall in the share price, and with 70 per cent of the shares held by income funds, the share has become a yield stock. Passing the dividend would have risked seriously alienating the City,

and – quite rightly – British Steel does not want totally to discourage its shareholders. Even so, it is making no bones about the uncertainty of economic recovery, and the consequential effects on future dividends. Restoring levels of profitability even to support the reduced dividend will depend on an increase in steel prices, along with benefits from further cost reductions.

According to Andy Chambers of Nomura Research Institute, there is nothing in terms of demand and supply for steel that indicates conditions will improve quickly. So what should shareholders do now? "The time to sell was probably three weeks ago when the price was 85p," says Chambers. In the short-term, he cannot see the shares going anywhere, one way or another. Looking further ahead, he predicts a pre-tax loss of £50m this year, but says the company

will still be only 10-20 per cent geared at the year-end.

One clue to the immediate future for the share price might come from events this week. US buying has lifted the shares from their 52p nadir, says Lowe, with investors assessing British Steel's peak profits in the next cycle and concluding that the company is between 20-100 per cent undervalued.

Lowe feels the share price could come under further pressure, adding that a further dividend cut is "very likely."

Lowe's relatively pessimistic analysis of British Steel's future cash generation abilities prompts the suggestion that the company should consider fostering the idea of a US-style "dividend cut", linking the payout to the ebb and flow of profits. One wonders whether UK investors would wear it.

Andrew Baxter

FINANCE AND THE FAMILY

Only the cynics find crumbs of comfort

John Authers looks at the stock market's leaders and laggards over the year's first half

STOCK MARKET cynics have had a good six months. Some would claim that making money out of equities is all about following bid rumours, and nothing to do with the homework of share valuation.

Such cynics might also claim that no shares beat the market indefinitely, and companies which come out top one year will be bottom the next.

This caricatured view is too extreme to be sustainable, but the London stock market's performance over the first half of this year shows why people might believe it.

Midland Bank has more than doubled in price since January 1. This has little to do with fundamentals, as the bank has long been regarded by the City as British banking's weakest link. Not on the face of it, the soundest of investments.

But once Midland decided to throw in the towel and give up its independence, long-suffering shareholders enjoyed a bumper time. The shares leapt 76p to 329p after the agreed offer by Hongkong & Shanghai Bank was announced, to the surprise of the market, on March 17.

Speculation at the time correctly suggested that a contested bid would develop which limited profit-taking.

It also meant that the offer from Lloyds Bank, when it was finally announced on April 28, did not lead to much reaction in the share price - by now the news was in the price, which only rose 13p to 394p.

The shares still strengthened 31p to 452p on June 2, when Hongkong Bank announced its improved offer.

Rumours that Midland would surrender to a takeover bid had circulated the market for a long time before March. However, the rumours were not reflected in the price. Midland shares did look cheap at the beginning of the year. But it would have been hard to justify as a "blue chip" stock. Those who could afford to take on slightly more risk and regarded Midland as a "special situation" would have done well.

Some of the year's other top performers also benefited from

bid rumours. Guardian Royal Exchange produced results which were better than expected, but lingering speculation that European predators are planning a competitive bid for the company has done much to prop up the company's price throughout the year.

Meanwhile, there is a startling addition to the group of laggards - British Petroleum. Few companies can seem so eminently suitable for widows and orphans to invest in as BP, but shares tumbled 30.55 per cent in the first six months of the year.

Again this was due primarily to an event which took the market by surprise - the Dalas-like boardroom coup which ousted chairman Robert Horton last week.

This should not have had any great effect on the underlying value of the company but the share price dropped 34p to 209p the following day. BP had not had a good six months - which helps to explain Horton's departure - but it would not have fallen into the laggards' column without this sudden shock. More grist to the mill of those who believe the market is a speculators' casino.

Other, disquietingly big names among the laggards include Barclays, British Aerospace and BSE.

BP's announcement also brought back worries about dividends. Royal Insurance passed its dividend earlier this year, while many others, including British Steel, renowned for its high yield, made substantial cuts to payouts. This has led, according to Maureen Hyland, equity strategist at James Capel, to a switch into defensive sectors.

FT-SE 100			
1992 LEADERS		1992 LAGGARDS	
1 Midland Bank	113.40	1 Barclays	-12.83
2 Siebe	40.90	2 Willis Coroon	-13.31
3 Thames Water	33.33	3 Forte	-14.59
4 Guardian Royal Ex.	33.33	4 Lashco	-19.28
5 RTZ Corp	32.42	5 Glaxo Holding	-20.40
6 North West Water	31.74	6 Wellcome	-21.07
7 BAA	30.51	7 British Aerospace	-23.44
8 Carlton Comms.	30.34	8 BSE	-26.64
9 Severn Trent	29.90	9 British Petroleum	-30.55
10 Anglian Water	27.58	10 Fisons	-34.97

Source: Datastream



from capital goods "recovery" sectors which had put in strong growth at the beginning of the year. For example, Other Industrial Materials rose 18.05 per cent, Motors rose 17.16 per cent, and Textiles 16.05 per cent.

Dividend worries and a desire for security primed the sector which seems to be the big gainer of the year - water.

Four water companies are in the top ten, aided by the election, which removed the political risk affecting the sector, while water is easily the strongest sector, with a rise of 31.44 per cent (the next, food retailing, registered 20.87 per cent).

People are unlikely to stop drinking water and, with dividends well protected, this sector might take over as the destination for income investors. But Nick Train, of GT Management, has doubts - his advice to those who want to invest in water for the safe dividends is to buy a gilt instead. The yield will be higher while political, social and economic pressures should all conspire against the cosy and protected monopoly profits on which water companies can now rely.

Further evidence to support the cynics comes when this year's weak-performing sectors are compared with last year's.

Twelve months ago, the headline for this story was "Game, Set and Match to Wellcome". Pharmaceutical companies came first, second, third and sixth over the first six months of 1991, and the Health & Household sector was the top performer with 36.1 per cent growth. It retained this ranking over 12 months.

So far this year, the sector is third from bottom, having dropped 15.53 per cent. Wellcome, Glaxo and Fisons, pharmaceutical companies all, are in the bottom ten.

This is in spite of the market's overall poor performance. Pharmaceuticals' strength last year was based on its defensive qualities. Whatever the health of the economy, people will always fall ill.

Particular problems with Wellcome, gearing up for its current massive flotation, and Fisons, which plummeted 29

per cent in one day after issuing a profits warning, hampered the sector.

Property was the weakest sector, with a fall of 19.38 per cent. A bad six months when the problems of Canary Wharf were only the most eye-catching to hit the sector, made this almost inevitable.

Otherwise the performance of the entire market has been a

SMALLER STOCKS			
1992 LEADERS		1992 LAGGARDS	
1 Proteus Internat.	154.44	1 Harland Simon	-39.01
2 First Nat. Finance	70.37	2 Regal Properties	-45.28
3 Park Food Group	69.62	3 MTM	-47.77
4 Transfer Technology	61.09	4 Kunick	-48.29
5 Next	58.26	5 BM Group	-70.71
6 Amstrad	56.52	6 Greycoat	-66.37
7 Storehouse	53.41	7 Gardner Group	-63.16
8 FKI	52.88	8 Birse Group	-61.04
9 Avon Rubber	51.50	9 Sturge Holdings	-59.55
10 Frost Group	50.69	10 Shandwick	-58.10

Source: Datastream

rag-bag, with few clear trends. The market has done nothing special, with the FT-A 500 Share up just 2.52 per cent over six months, and the FT-A All Share up 2.44 per cent.

All this in spite of the euphoria which greeted the Conservative election victory in April. Then, the FT-SE shot up 136.2 to 2,572.6, the biggest one-day rise since October 1987.

The main FT-SE index had risen only 8.3 per cent during the Tories' 1987-1992 term, and many observers felt that the time had come for shares to take off again.

Amid the euphoria there was a spate of new issues, unequalled since the 1987 bull market. The list included Wellcome, Guinness Peat Aviation and the Daily Telegraph.

The excitement lasted six weeks. Then reality intruded. Train put it this way: "That mood has unwound in the last six weeks as we have come to realise that interest rates are not coming down, and that the rest of the world is still struggling under these extraordinary high real interest rates."

He remains pessimistic for the future, pointing out that UK pension funds already have around 80 per cent of their funds invested in equities - he does not see where extra money is going to come from.

The GPA flotation was pulled while the Telegraph's new issue flopped and the market descended into formless wandering. If you look at the market over a six-month period, the general election need never have happened.

A strong economic recovery would shake the market out of its worried state, and cause a switch into "recovery" stocks.

such as those involved in manufacturing, according to Hyland. She remains optimistic that a recovery will fuel the market out of its wandering.

There is a little cheer to be had from the smaller stocks. Proteus, a pharmaceutical company which has announced both a loss and a rights issue this year, is the only stock of any size to beat Midland. It is using computer technology in transatlantic joint ventures to develop drugs for fish, and DNA-binding products, and has seen its share price rise by 157.44 per cent over the first six months of 1992. As it is still producing losses, this at least reflects a refreshing lack of cynicism in the market.

Then, Yuletide cheer, in this sceptical age, delivered growth of 69.82 per cent for Park Food Group, which specialises in distributing Christmas hampers. Sales increased 14.7 per cent for Christmas 1991, so there was some festivity about.

Some other leading smaller companies, such as Amstrad, boosted by satellite dishes, and First National Finance, were recovering from serious share price falls last year.

The year's financial tragedies helped turned some smaller companies into laggards - the property sector's dismal performance accounts for Regalian, Kunick, and Greycoat, and will also have harmed the construction companies BM and Birse.

It is not hard to guess at the reasons for the 59.55 per cent drop in the price of Sturge Holdings, an underwriting agent at Lloyd's. Meanwhile, Harland Simon, the control systems specialist which lags everyone having dropped 39.01 per cent, could in part blame Robert Maxwell for the profits warning it posted in February.

Contracts with Mirror Group Newspapers and Maxwell Communications took £2m out of predicted profits, while £750,000 was put aside to cover disputed debts to the two Maxwell companies. This time last year, Maxwell Communications was one of the "leaders", having grown 35.1 per cent in the first six months of 1991.

No wonder some are cynical about the stock market.

"Don't look with your eyes.
All they show you is limitation.
Look with your understanding.
And fly."

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FINANCE AND THE FAMILY

Why it pays to motor around

There are ways of keeping down your car insurance bill, says Scheherazade Daneshkhu

MOTOR insurance premiums have been rising steadily over the past two to three years, as motor insurers adjust to large increases in accident and theft claims. Equally, competition in the industry has increased to such an extent that, more than ever, it is worth shopping around.

It is no longer necessarily the case that there is a standard rate for all cars and drivers. Insurers work out their premium rates with reference to a rising number of factors — ranging from the age and type of motor to the age and record of the driver.

By the end of this month most companies will have introduced a new system of rate banding set out by the Association of British Insurers last year.

Instead of nine insurance bands, cars are being grouped into 20 bands. The old system, which dates from the 1960s, does not take into account the range of models now available on the market.

The effect will be to penalise the "hot-hatches" — small cars with powerful engines — that are perceived as high risk because of their speed and the high probability that they will be stolen. For example, the new band for the Volkswagen

GTI is 14 instead of 6, for the Peugeot 205 1.6 GTI, it is 12 instead of 5, while the Ford Fiesta XR2i, which was in band 5, is now in band 14.

"As a rough rule of thumb, cars that have doubled their rating band should be in the same position," said Eileen Kimber of the ABI who estimates that nearly a third of motorists will be worse off as a result of the new system, a third better off and the rest should see no change.

"In the long run, the new ratings are sensible because we now have so many cars with differences in their performance on the market," said Noel Privett of the Automobile Association. The beneficiaries will be family saloon cars such as the Vauxhall Cavalier 1.6i. Its new rating is a modest 6 instead of 4. Cars such as the Ford Orion 1.6i which shared the same insurance band as the Ford Fiesta XR2i will move into band 9 instead of 14 for the Fiesta.

Competition among insurers is increasing, as more insurers choose the direct route to the customer, using mass media advertising to attract potential custom and then evaluating risks and selling policies over the telephone.

The smaller brokers, the insurance industry's equivalent of the corner shop, are losing

Car and age of driver and area	Motor insurance premiums					
	AA	CU	Eagle Star	Directline	Churchill	Norwich Union
Ford Escort 1.6 LX (22 year old)						
Fulham	2,721	no quote	no quote	no quote	no quote	2,713
Shrewsbury	1,610	no quote	no quote	no quote	no quote	1,602
Ford Escort 1.6 LX (39 year old)						
Maidstone	680	875.36	678	798	616	536
Manchester	857	1,117.23	878	1,013	771	660
BMW 525i (50 year old)						
Truro	1,379	1,515.57	no quote	1,320	1,162	966
Newcastle upon Tyne	1,848	2,031.02	no quote	1,551	1,344	1,121
Vauxhall Nova 1.2L (67 year old retired)						
Cardiff	379	518.10	369	412	345	263
Leeds	379	599.76	432	483	360	274

Quotes are for a male driver, no convictions, employed in a standard job with policy for driver-only fully comprehensive cover. Cars two years old. Note: Premiums do not include no-claims bonuses.

ing out and are being forced to respond to the threat by deploying their own packages and technology.

Companies such as Directline, direct insurance arm of the Royal Bank of Scotland and Churchill, direct motor insurer set up by Switzerland's Winterthur, have cornered around 15 per cent of the market. Some of the composites, such as Eagle Star and General Accident have also got in on the act by setting up direct sales services.

"Most of the big companies have had very bad losses and are having to increase premiums," said Martin Long, chief executive of Churchill. "The costs of setting up were high but we are now trading profitably. By cutting out the middleman we have lower costs and can attract business more cheaply."

While direct sales insurers are cheaper for many drivers, they are not a good deal for some. Their strategy is to write policies for low risk drivers only.

"We don't quote for young drivers in performance cars and we are not attractive in most inner city areas," said Chris McKee, director of Directline, the first direct sales company, set up in 1985.

This strategy has ensured profits at a time when the big composites are facing losses on the motor insurance side because of a rise in claims, partly as a result of an increase in motor theft. The ABI said last week that motor insurance underwriting losses amounted to £2.1bn last year. Andy Miller, development

manager at Norwich Union, predicts that the cost advantage of the direct insurers will diminish when the process of networking, by which intermediaries are linked directly to the composite insurers through the electronic marketplace becomes widespread in 1994.

Other profitable sections of the motor insurance market are some of the Lloyd's syndicates which can offer rates equally competitive with the direct insurers. Barry Halbert, of Hill House Hammond, the retail insurance broker owned by Norwich Union, says that by using the range of the market, brokers can quote premiums that are 10 to 15 per cent cheaper than that of the direct writers.

The table shows clearly the substantial differences in motor insurance quotations. Rates can be up to 65 per cent cheaper than those shown since we have excluded no claims bonus discounts. Motorists who install safety devices are also likely to obtain lower quotes. Premiums are expected to increase by an average of 25 per cent in the next year but if you do not fall into the high risk category, comparing quotes should ensure that your motor insurance bill does not rise by this amount.

Directors' Transactions

DURING a week remarkable only for its quietness, directors' activities continued to be low key.

London International's announcement of unexpectedly poor results led to shares falling rapidly.

Immediately following the fall, two directors took the opportunity of increasing their holdings. Alan Woltz, the chairman, and Anthony Butterworth, chief executive, bought 15,000 and 50,000 shares respectively at prices around 227p.

At Westport Group, the exhibition equipment company, four directors bought shares after final results were

announced. Lyn Evans, David Ludlam, the managing director, and Ian McQuattie, the chief executive, each bought 250,000 shares.

Currently trading at only 2p, the total value of these purchases was low; however, the impact was to double McQuattie and Ludlam's holdings and to establish Kanter's entire holding.

The share price at Scottish Television has performed steadily over the past 18 months. William Brown, the chairman, has sold 79,596 shares at 403p. His previous sale was made at 290p six months ago. Brown still retains 190,000 shares.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Abbott Mead Vickers	Media	43,000	174	2*
Courtauld	Chem	30,000	168	1*
Ferrum Holdings	EngG	28,079	12	1
Johnson Matthey	Metal	20,500	90	1*
Lambert Howard	Misc	88,600	372	2*
Marks & Spencer	Retail	74,476	244	1*
Metro Radio Group	Media	23,000	39	1
Vulco Cable	Chem	5,500	14	1
PURCHASES				
Helical Bar	Prop	90,000	95	4
London Int. Group	Fin	65,000	148	2
Neotronics Tech.	Chem	10,000	14	1
Westport Group	Comm	1,250,000	25	4

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 22-26 June 1992.

Source: Directors Ltd, Edinburgh

Phantoms and liability

VICTIMS of "phantom withdrawals" from cash dispenser machines may find that their liability is not automatically restricted to £50 as they were led to believe by the Code of Banking Practice.

The code appears to state this clearly, but it may be more cryptic. Cardholders could be at the mercy of legalistic quibbling and ad hoc inter-ombudsman arrangements.

The main problem is that the code does not specify whether the £50 limit is a maximum or a limit applying to each unauthorised transaction.

"It is something we must think about," said Ian Woodhead, a building society ombudsman. "We can't decide in advance. The most you can say is it is possible the limit could apply per transaction."

She explained that under the Consumer Credit Act, the deciding factor would be whether the card had been in the holder's possession between transactions.

The banks are divided on the limit. Barclays and National Westminster said they thought the £50 applied per account not per transaction. Lloyds said that in the exceptional case of someone losing a card which then came back into their possession, the liability could be

£50 per transaction. Midland Bank said the £50 limit was a maximum but said each case would be treated on its merits. The bank would be bound by the ombudsman's decisions if these came down on the side of a limit per transaction.

Chris Edell, deputy banking ombudsman, said that while £50 could be the maximum liability for a series of unauthorised withdrawals, it might also apply several times if the series were broken by the customer using the card legitimately.

The £50 limit does not apply in cases where the bank (or building society) can prove that the customer acted fraudulently or grossly negligently.

But Stephen Edell, one of the building society ombudsmen, notes there is no authority in law on what "gross negligence" means, apart from a 19th century definition that it is "negligence with a vituperative epithet."

"The banking ombudsman and we will have to decide about this as cases arise," said Edell. Woodhead suggested the requirement to prove gross negligence — however defined — was easier on customers than simple negligence would have been.

Barbara Ellis

The Week Ahead

Asda, the highly-indebted Leeds-based grocery chain, will have much to tell its anxious shareholders when it reports its full-year results on Monday. Analysts have pencilled in an £80m profit figure but this could be severely depressed depending on how much of a financial hit Asda takes on its redundancy programme and whether it accepts the charge above or below the line.

The hard-pressed company has also warned that it is likely to take a substantial write-down on the portfolio of 60 stores it is expensively acquiring from Gateway in 1993. This could run into several hundreds of millions of pounds.

Shareholders will want to know how Asda plans to tackle its shrinking volumes and pinched margins.

On Wednesday, the UK's biggest electrical chain, Dixons will report its full year results, which should provide a good insight into whether there are any flickers of life

on the high street. At the time of its interim results, the company's chairman, Stanley Kalms was upbeat about the strength of the recovery but since then demand is believed to have slackened.

Pre-tax profits are expected to have fallen by some £10m to £71m with the company's US operations continuing to drag down the overall numbers.

The Rank Organisation is expected to report on Thursday six month pre-tax profits of between £90m and £94m, slightly up on last year's £86m. The fall is likely to come from Rank's share in Rank Xerox, the photocopying company, and particularly from Fuji Xerox, which has been hit by the downturn in the Japanese economy.

Scottish & Newcastle, the brewer, is likely to report on Monday pre-tax profits for the year to April only marginally ahead of £217m a year earlier. Higher interest charges have eaten up much of the increase in operating profits.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company	Value of bid per share	Market bid	Price before bid	Value of bid	Offer
Prices in £ pence unless otherwise indicated					
BH&I	36	35	34	21.54	BN Group
Cronin	45	45	29	7.31	AFE SA
Dowry	182	184	145	453.49	TI Group
Hestia	72	76	52	27.54	Cowie (I)
ING	140	121	127.5	22.18	Barro Group
JS Pathology	175	170	154	25.06	Cornwall
Mandera	283	259	237	89.72	Kelco
Microtec	116	110	113	15.42	Meegitt
Midland	4607	470	372	3.770n	HSBC
Merland	400	453	465	104.0	Greene King
Penny & Giles	344	370	235	33.19	Bentley
Tyne Tees TV	297.5	275	234	30.59	Yorkshire TV
Worcester	226	223	188	60.50	Robert Bosch

*All cash offer. **Cash alternative. ***For capital not already held. ****Conditional.

**Based on 2.30 pm prices 3/7/92. 95% shares & cash. † Based on local price.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000s)	Earnings per share (p)	Dividends per share (p)
Abstract New Dawn	Apr 83	(1588)	0.61	(0.53)
Adam & Harvey	Mar	8,400	(5.98)	89.9
Alfa	Mar	5,000	(1.34)	7.79
Alphameric	Mar	2,000	(2.91)	1.9
Anglo United	Mar	8,300	(15.70)	5.1
Asprey	Mar	19,400	(24.40)	15.14
Assoc Energy Serv	Nov	1,070	(1.99)	1
Aveco	Mar	2,300	(1.18)	0.5
Berkley Group	Apr	12,500	(32.9)	13.6
Beverley Group	Dec	2,600	(941)	0.5
British Steel	Mar	55,000	(254,000)	0.5
Bromsgrove Inds	Mar	7,080	(8,350)	0.5
Cannella	Dec	15,630	(8,040)	9.6
Cardo Engineering	Mar	73,800	(77,500)	42.5
Charles Colclough	Mar	550	(528)	7.77
Dames Im Test	May	1,590	(4,080)	2.78
Debenham Tessa	Mar	3,540	(4,000)	3.14
Electric & General	Mar	194	(7)	0.08
Europe Energy	Mar	4,940	(3,700)	14.3
Farepak	May	78,800	(48,200)	3.53
Fleming High Inc	Dec	829,000	(818,000)	16.8
Fleming (Robert)	Dec	275	(1,130)	0.28
GAC	Dec	4,090	(5,020)	17.3
Gloucestershire	Dec	822	(1,340)	0.2
Gold Greenless Trust	Apr	8,870	(16,700)	1
Grand Central Inv	Dec	745	(1,610)	2.99
Greenham House	Mar	210	(270)	1
Hewlett	Mar	7,250	(3,700)	5.3
Holston	Mar	9,300	(7,400)	25.8
In Shops	Mar	11,800	(1,800)	0.3
Jones & Shipman	Mar	142,100	(108,700)	49.0
Lovell & Lambart	Mar	22,700	(4,080)	1
Marshall	Mar	142,100	(108,700)	49.0
Marling Industries	Dec	10,400	(14,100)	1
Midlands Elec	May	251	(59)	1.0
Midwest	May	1,180	(3)	10.56
Murray Spill Capital	Mar	5,940	(9,300)	6.6
New London	Mar	86,300	(95,300)	68.6
Northern Electric	Mar	200	(195)	1.0
Oplomatics	Mar	652	(783)	4.47
Repet Shop	Mar	297	(287)	(1.99)
Shaw Food Group	Mar	9,210	(8,220)	23.4
South Western Elec	Mar	33,000	(81,300)	50.6
Southern Water	Mar	115,100	(97,100)	64.2
Syllone	Mar	2,670	(2,730)	22.22
Tax Holdings	Mar	366	(522)	1
Turbolift Scott	Mar	870	(3,381)	6.1
Unicor	Mar	312	(701)	3.3
United Industries	Apr	1,540	(785)	1
Visteo Group	Apr	2,700	(1,760)	1.82
Walker & Staff	Mar	610	(988)	16.5
Wilson Group	Dec	39	(1,060)	1

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000s)	Interim dividends per share (p)
Allied Radio	Mar	357	(703)
Barcon	Mar	45	(1,770)
Berford Int'l	Mar	58,000	(178,500)
Best Brew	Feb	7,320	(513)
Brunner Int'l	May	1,720	(1,670)
Buckingham Int'l	May	2,210	(2,130)
Crabtree & Ewing	Mar	48	(85)
Crest Nicholson	Apr	1,880	(3,900)
CSP Leisure	Apr	199	(185)
Dawson	Mar	310	(201)
Dwyer	Mar	791	(644)
Fyfe	Apr	12,400	(5,320)
Granada Group	Apr	57,200	(88,500)
Greenwich Cinema	Feb	5,940	(9,300)
Kennamer Ples	Oct	180	(47)
Laptho	Mar	38,000	(109,000)
Lovell (Y)	Mar	1,490	(1,320)
Partridge Film Art	Apr	95	(739)
Regina	Feb	457	(56)
Sperril (CA)	Apr	12	(27)
Torodo Petroleum	Mar	91	(180)
Wherway	Mar	715	(1,370)
Woolworth's Cos	Mar	1,830	(270)

(Figures in parentheses are for the corresponding period.) Dividends are shown net of tax per share. Figures in US dollars are in US dollars. * = Net profits/losses. † = Net profits/losses. ‡ = Figures quoted in US dollars and cents. § = Figures quoted in local pounds and pence. ¶ = This years figures for eight months. # = Net revenues. ** = This years figures for eight months.

RIGHTS ISSUES

Burnfield is to raise £22.7m via a 3-for-4 rights issue at 165p. Holston is to raise £2m via a 1-for-1 rights issue at 50p. Marling Industries is to raise £18m via a 4-for-1 rights issue at 165p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

British Bio-technology Group has raised £20m via a placing of 7.00m shares at 425p. Frendery Smaller Companies Ltd is to raise £3.5m via a placing and offer to shareholders of 3.5m new ordinary shares at 115p and 3.5m zero dividend preference shares at 140p. Maddox Group is to raise almost £18m via a placing and open offer. Straight Fund (Cayman) has raised \$17.7m via a placing of 1.77m shares at \$10.4 per share. Tams (John) is to raise £1.6m via a placing and open offer of 2.43m shares at 70p.

RESULTS DUE

Company	Announcement date	Dividend (p)		This year
		Last year	Int.	
FINAL DIVIDENDS				
Asda Group	Monday	1.95	2.95	1.25
Assoc British Engineering	Tuesday	0.1	0.1	0.1
Assoc Nursing Serv	Monday	1.0	0.1	0.1
Bentley-Homes	Thursday	3.0	5.0	3.5
Bentley	Wednesday	0.5	1.0	0.67
Blastic Industries	Tuesday	0.5	1.5	1.5
Bogal Group	Wednesday	0.1	0.22	0.1
Budgens	Wednesday	0.1	0.22	0.1
Burtonwood Brewery	Thursday	0.7	3.54	0.7
Cash & Powell	Tuesday	1.3	1.3	1.3
Craigfield's National	Tuesday	1.8	4.4	2.0
Danlos Holdings	Monday	6.0	18.0	12.0
Daniel Group	Wednesday	1.8	4.2	1.8
Eastern Electricity	Wednesday	16.2	10.12	4.86
Edwards of Leeds	Tuesday	1.8	2.98	1.8
Frederick Concrete	Wednesday	0.9	1.8	1.3
Gibson Lyons	Wednesday	2.0	4.0	2.0
Greene King	Tuesday	3.3	7.5	3.5
Harrison Industries	Thursday	2.0	5.0	2.25
Holston	Wednesday	2.0	1.25	1.25
Holston Group	Wednesday	0.6	0.6	0.6
Horden Group	Tuesday	1.59	0.6	0.7
Jays Hotel Group	Thursday	2.0	3.0	2.0
Overseas Group	Wednesday	0.6	0.6	0.6
Platinum	Monday	0.1	0.1	0.1
Real Time Control	Tuesday	0.1	0.1	0.1
Reflex Security	Monday	2.2	6.2	2.2
RPI	Monday	0.1	0.1	0.1
Scottish Hydro-Electricity	Thursday	5.1	9.9	3.25
Scottish & Newcastle	Monday	1.8	10.38	5.51
Seaboard	Tuesday	1.8	3.06	1.8
Shenley & Wright	Thursday	0.3	105.0	0.3
Symonds Engineering	Thursday	0.3	0.7	0.3
Typhook	Tuesday	3.5	10.3	4.4
Topa Estates	Wednesday	0.5	15.3	4.4
Vandy (Nig)	Thursday	1.2	2.4	1.3
Vandy (Nig)	Monday	0.1	0.2	0.1
Yorkshire Electricity	Tuesday	0.1	10.81	0.23
INTERIM DIVIDENDS				
City Site Estates	Monday	0.59	0.5	0.5
Dominion Printing Sciences	Thursday	2.1	4.15	2.1
Ernestang	Thursday	1.78	3.5	1.78
Evode Group	Monday	1.78	1.8	1.8
Gardiner Group	Wednesday	0.47	0.85	0.47
Grubben Telecommunications	Tuesday	0.1	0.22	0.1
Harrogate	Tuesday	0.1	0.22	0.1
Karabaw (A) & Sons	Thursday	9.0	18.0	9.0
McAlister UK Index Tel	Friday	1.25	2.0	1.25
M&G Dist Tel	Wednesday	30.65	35.55	30.65
Newman Trunk	Wednesday	3.8	3.5	3.5
P&P	Tuesday	1.33	3.0	1.33
Pratt Organisation	Thursday	10.25	20.75	10.25
Reactor Group	Wednesday	0.22	0.22	0.22
Securinvest Group	Tuesday	0.22	1.72	0.22
Securinvest Services	Tuesday	1.20	6.3	1.20
Terra Vita	Tuesday	1.20	3.19	1.20
Wentworth	Thursday	0.1	0.4	0.1

*Dividends are shown net pence per share and are adjusted for any intervening share issues.

**Getting him in wasn't a problem.
But try getting him out again.**



You've tried everything. Sticks. Bones. Balls. Sausages. You even kidnapped the neighbour's cat. But the dog refuses to come out.

It started when you brought your Primera home. He ran up to its beautiful shape the minute you drove up. Then you opened the wide tailgate. Immediately he jumped in and made himself completely at home. He sniffed at the stain resistant carpet of the huge luggage compartment.



After you folded down one of the separate rear seats, he visited the passenger area. While you slipped into the complete and ergonomically designed cockpit.

You started the two-litre 16-valve engine and watched your dog's tail start wagging. He snuggled into every seat. You

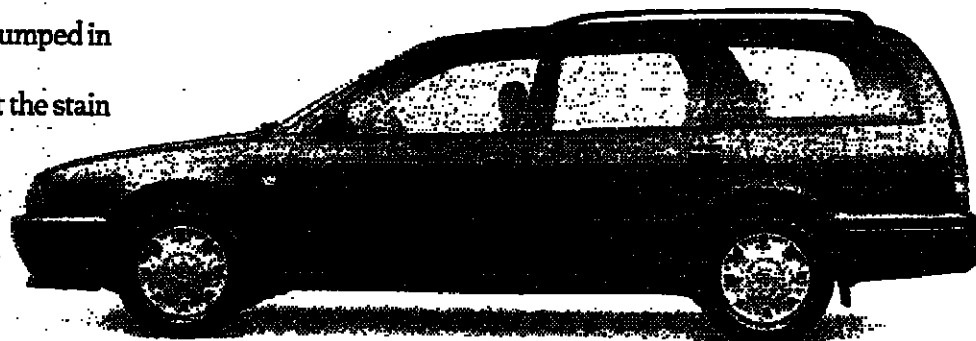
hadn't seen him this relaxed in years.

In the end he settled in the back where, thanks to the unique rear suspension, the floor is completely flat.

It's been all afternoon. And you still haven't gotten him out. Maybe it's time to try the postman.



**Primera Wagon.
The best friend of the family.**



Model shown Station Wagon. Specifications may vary in every country.
The Nissan Primera is available in 4-door Sedan, 5-door Hatchback and Station Wagon models.

FINANCE AND THE FAMILY

Pensions: the best of both worlds

Debbie Harrison on how to increase contributions

WANT TO have your pension cake and eat it? Pensions come in two varieties - occupational schemes, run by employers, and personal pensions, managed by independent fund managers or insurance companies. As a rule you have to decide between the two.

The normal way to boost your pension if you are a member of an occupational scheme is to take out an Additional Voluntary Contribution (AVC). These can be free standing contracts, or schemes offered by your main pension plan.

But they do not allow the same flexibility as a personal pension. So if the special circumstances in which a personal pension and a company scheme can be run side by side apply to you, it pays to investigate further.

Where bonuses and overtime are not included in the employee's pensionable salary under the main scheme, they can be used to pay AVCs or FSAVCs (Free-Standing AVCs). Also, the taxable value of fringe benefits can be used for FSAVCs. The contribution limit is 15 per cent for both main scheme and FSAVCs, subject in some cases to the earnings cap.

Unlike a personal pension, you cannot take tax-free cash from a FSAVC - all of the proceeds must be put into an annuity. The same applies to AVCs started after April 1987. Also, the date at which FSAVC benefits can be taken is determined by the main scheme rules. The only exception is where an employee has left the main scheme and has stopped paying into the FSAVC, in which case the FSAVC benefits can be taken at any time between the ages of 50 and 75.

For these reasons, a personal pension seems preferable to an AVC. However, anyone contemplating an occupational and personal pension cocktail should seek expert advice to make sure they are not unwittingly contravening Inland Revenue rules. The Revenue monitors contributions strictly. In the case of accidental over-

funding the excess contributions normally are refunded, less tax relief. But if over-funding was deliberate, hefty fines are common.

The contribution and benefit limits for occupational schemes are very different from those applying to personal pensions. Under personal pensions the maximum contribution is 17.5 per cent of relevant earnings (more for older employees*) subject to the earnings cap, currently £75,000. Under an occupational scheme employees can contribute up to 15 per cent pensionable salary to build up a maximum pension of two-thirds final salary subject, in some cases, to the earnings cap. Personal pension benefits can be drawn from age 50, whereas the company pension must be drawn at the scheme's normal retirement age - usually 65.

There are advantages and disadvantages with both schemes. Personal pensions are more flexible and portable than occupational schemes. But company schemes generally link the value of the pension to the employee's salary and thus provide a better hedge against inflation than a personal pension, which simply provides a fund at retirement which is used to purchase an annuity, making it vulnerable to the health of the gilt market at the time you retire.

Personal and company pensions are often used in conjunction when the company scheme is contracted in to the State Earnings Related Pension Scheme (Serps). Most schemes in the UK are contracted out of Serps - in other words, in return for a rebate of National Insurance Contributions (NICs), these schemes guarantee to provide pensions which are as good as, or better than, the Serps pension they replace.

However, more than 1m employees are members of contracted-in schemes where the scheme benefits are paid in addition to the Serps pension. In these cases it is possible for an employee to use an "appropriate" personal pension to contract out of Serps on an individual basis. An appropriate

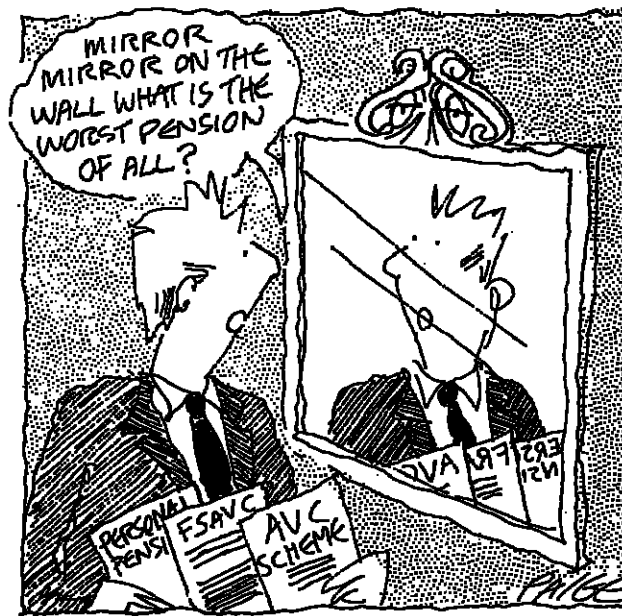
personal pension can only be used to take the rebate of NICs which, for the current tax year, is worth up to £1,500.

Most employees under the age of 35 would be better off with such a personal pension as the value of the rebate is greater than the value of the Serps benefit given up. Taking out a personal pension does not affect the employee's rights and benefits under the main company scheme.

Personal pensions can also be used by employees who have a second source of income, from freelance work for example. Younger employees can contribute up to 17.5 per cent of these freelance earnings to a personal pension. The Revenue does not take into account the benefits from the personal pension plan when assessing maximum benefits under the occupational scheme.

However, it does check payments made by employees to ensure there is no crossover between contributions made in respect of the two sources of earnings. Freelance earnings must derive from an entirely separate source from the main salary. Bonus or overtime earnings cannot be used to fund a personal pension.

Personal pensions can, however, be used as a stop gap between the date of joining the company and the date the



employee becomes eligible to join the pension scheme. The length of this "waiting period" varies and can extend to age 30. A high pension-scheme entry age is common among companies which have a rapid turnover of younger staff and do not want the administrative hassle of refunding contributions or arranging transfer values. Contributions to personal pensions must stop when the employee joins the company scheme.

Occasionally, an occupational scheme may provide only death and dependants' benefits. If this is the case, it is possible to take out a personal pension. And finally, an employee who is a member of an occupational scheme may also use a personal pension to take a transfer value from an earlier period of employment. In several of the above exam-

ples the contributions to the personal pension will be on a temporary or ad hoc basis. As a result, it is vital that the plan is genuinely flexible so that there are no early termination penalties if freelance earnings dry up or the employee becomes eligible to join the company scheme.

The best way to retain full flexibility is to avoid a regular premium personal pension and instead opt a series of single premium contributions, since these carry much lower up front management and commission charges.

* Contribution limits for personal pensions as a percentage of net relevant earnings (subject to the earnings cap): Up to age 35, 17.5 per cent; age 36-45, 20 per cent; age 46-50, 25 per cent; age 51-55, 30 per cent; age 56-60, 35 per cent; age 61-74, 40 per cent.

Expatriates

FED tax rule changes

NO-ONE - and that includes the Inland Revenue - seems to understand exactly how the foreign earnings deduction (FED) is supposed to work.

The latest set of changes to the rules means yet more administrative hassle, but also offers the prospect of substantial refunds for some.

Under the rule, enacted 18 years ago, employees who do their job wholly or partly abroad but are not absent long enough to achieve non-residence may be entitled to a deduction of 100 per cent for tax purposes from their foreign earnings. This is Revenue-speak for saying these earnings will be free of all UK tax.

This could happen, for example, if your employer seconded you overseas from May 5 1990 to January 5 1992. This absence does not exceed a complete tax year, so you would remain UK resident and ordinarily resident throughout.

To qualify for a FED, you must spend 365 days or more working full-time wholly outside the UK, during which you would have to ensure that your UK visits did not exceed either 62 consecutive days nor one sixth of the days in the period during which you are overseas. Greater limits apply to seafarers.

The process is quite simple if you have spent an entire tax year (from April 6 one year to April 5 the next) out of the country, but gets very complicated when used to calculate tax liability for long stays out of the country which straddle two tax years.

The FED applies to people, such as company directors or

airline pilots, who become resident because they perform duties of substance (in other words, not just duties incidental to those which they perform overseas) in the UK, and have maintained a home there.

The Inland Revenue initiated last November that it had been applying the rules incorrectly in certain respects. The changes, effective from April 6 this year, will have adverse results on the taxability of terminal leave pay received by those who had previously been UK non-residents.

And earlier this month, the Revenue made clear that yet more changes are in hand. These relate to the level of overseas earnings to which the FED applies. Should it be the gross earnings or the net earnings after deducting items such as capital allowances, contributions to employers' superannuation schemes, travelling and other expenses?

The answer, we are told, is that the law intended it to apply to the net figure and, indeed, the Inland Revenue has consistently applied it on this basis. Unfortunately, it now accepts that following an unintended change in the law in 1984, this treatment has been incorrect.

If your pay is excluded from liability for a complete tax year, it makes no difference which basis is applied. So, if your salary is £80,000 a year and you pay employers' pension contributions of £9,000 a year, the result is the same whether you receive FED on £80,000 or relief for your pension contributions of £9,000 and FED on £51,000.

But it matters a great deal for the broken tax years of

departure and return. So, if the same figures apply to the May 1990-January 1992 absence mentioned earlier, the first 10 months of your salary for 1991-92 would be fully covered by the FED, leaving the full £9,000 annual pension contributions to be set off against the taxable £10,000 salary for the last two months. The position for 1990-91 would be similar.

By contrast, if a net basis is applied, the calculation for the first 10 months will be: salary £50,000 minus pension contributions £7,500 = £42,500 minus FED £42,500. No pension contributions could be carried forward from this period, so the two months salary which was taxable would attract relief only for the contributions in those months, that is, £10,000 minus £1,500 = £8,500.

To correct the situation, a new clause has been tabled to the summer Finance Bill. This makes it quite clear that from April 6 1992, the net basis applies.

You can only be certain of a right to re-open assessment for the years 1990-91 and 1991-92 although it may, in some circumstances, be possible to go back further.

So if in the recent past you have benefited from the FED for part of a tax year, you would do well to get out your old papers to see if you are affected. If you are, you could be entitled to a substantial refund of the tax you have already paid.

Donald Elkin

■ Donald Elkin is a director of Wilfred T. Fry Limited of Worthing, West Sussex.

Fancy a lodger?

HOMEOWNERS who are finding it difficult to meet their mortgage repayments may be considering letting out a room in their house.

But they should be aware that this will have an effect on their house contents insurance cover. "Most insurance companies will restrict theft cover and delete accidental damage cover when paying guests are living on the premises," said Clive Longhurst, of the Association of British Insurers.

The government has issued a tax incentive to those considering letting out a room by adding a new clause to the Finance Bill which is expected to pass through parliament later this month.

The rent-a-room scheme would allow people to let out a furnished room for £82.50 a week before becoming eligible for tax. The relief is available to individuals for their only or main home and will apply to gross rents, up to a limit of £2,250 for any tax year. It will take effect from the current tax year.

If the rental income is more than this amount, homeowners face two choices: they can

either pay tax on the excess, without any separate tax relief for allowable expenses, or they can calculate profit from letting a room and pay tax on the profit.

Legal & General is warning those who want to take in lodgers that house contents insurance cover will be restricted because "people staying in short-term rented accommodation do not have the same incentive to take care of the property as the owner does," according to the company's Rod Young.

Like most insurers, it will withdraw cover for theft unless clear evidence can be given of a break-in. You would not be covered if the lodger stole from you and cover for malicious damage by the lodger would also be removed.

Similarly, if the homeowner had accidental damage cover, this would also be withdrawn, although in most cases Legal & General will refund the remaining cover for the year.

It says that that cover cannot be restored through payment of increased premiums because that would have the effect of endorsing the homeowner's ability to judge who

would be a good lodger.

If you are considering renting out a room, you must inform your insurer in order to know how your cover is affected and inform the lodger that his or her possessions are not covered by your home contents policy.

Other sensible measures are to take up references from prospective lodgers and to ask for a deposit to be repayable when they leave. It is also a good idea to use a formal agreement for letting.

■ Lloyds Bank is launching a telephone insurance service from Wednesday. Insurance Direct will provide on-the-spot quotations for buildings and contents insurance. Two policies are available: Value Cover Standard, which offers basic cover and Value Cover Plus which includes accidental damage cover. Premiums are based on postcodes and the number of bedrooms in the house, which contents covered up to a maximum of £30,000 on a replacement-as-new basis. (Freephone 0800-300829).

Scheherazade Daneshkhlu

Diary of a Private Investor

Collected thoughts of a financial jackdaw

Kevin Goldstein-Jackson on his mania for collecting

COLLECTING can be fun - and profitable. When I was a small boy I used to hunt through my money, looking for a valuable 1933 penny. I even became the school money-lender, giving up lunch so I could lend my five shillings-per-week dinner money to other pupils.

Interest was levied at a weekly rate and people were encouraged to pay in copper coins, just in case there was a rare coin among them, although I would also accept foreign coins, postage stamps, toys and anything else. I thought I could re-sell at a profit or which I felt was worth saving in the hope that it would appreciate in value.

Thus began my fascination for collecting, although (apart from a few postage stamps) I have long since disposed of my schoolboy possessions and I never found a 1933 penny in my change.

The attraction of owning a British 1933 penny was that only seven or eight were ever produced and several are in museums.

In November 1986, at a coin auction held by Spink and Son in London, I achieved my schoolboy dream and acquired a 1933 penny in extremely fine condition. According to one coin collectors' catalogue (not produced by Spink) which I had looked at prior to the auction, a 1933 penny, had sold in 1980 for £28,750 and a similar coin, but in extremely fine condition, was supposedly worth £50,000.

I was therefore overjoyed at "only" having to pay £17,250 for my 1933 penny. But a 10 per cent buyer's premium was added to the price, plus VAT on that premium, bringing the total cost to £18,975. It still seemed to represent a good investment - but what do you do with a penny coin?

A rare coin is easy to flee the country with if there is ever an obnoxious government but, unlike a painting, a coin cannot be hung on a wall and it is not exactly beautiful to look at. If I touched it too much with my bare hands I might accidentally scratch it and thus reduce its value, so it had to be kept in a Perspex container. Then, with an increase in burglaries in our area I thought it was best to keep it in a safety-deposit box at a bank.

All this is very boring. I visit my coin about three times a year but the thrill of ownership has rather worn off. I suppose owning a 1933 penny is a bit like climbing Mount Everest - it was an exciting challenge and a thrill to gain the peak, but after that everything else seems a bit disappointing. Fortunately, the coin has increased in value and I am now considering selling it.

Another investment whose attractions have rather dimmed is my wife's title of the Lord of the Manor of Westleton Grange, which I bought for her as a surprise Christmas present in 1986. Westleton Grange is in Suffolk and the title was at one time held by the third Duke of Norfolk, whose niece was Anne Boleyn. Over the years, the title passed to various people, including Sir

reminded of her kindness and how, when I was a young boy she used to regale me with tales of her work at Windsor Castle. I would never part with my aunt's medals.

Nor would I dispose of my own modest collection of white Chinese jade. It is beautiful to look at, and to feel, and the carving is exquisite. Just to hold a delicate carving of a peach - a symbol of long life - is to be filled with a sense of peace and tranquility. That, to me, is worth more than its increase in value since its purchase.

However, insurance means that valuable items have to be held by the bank.

Larger items, such as paintings and sculptures, which I collect, cannot be kept in a safe. But I only collect modestly-priced works by living artists and the works I own are all easily identifiable and so would be hard to sell by a thief. And who (apart from my wife who bought it) would want a John Brabhy portrait of me?

Every year I visit the Royal Academy's Summer Exhibition but in recent years some artists - particularly those accepted for the first time - have been asking rather too much for their work so I have refrained from buying at the exhibition.

Instead, I buy the small, green Royal Academy catalogue which lists all the exhibiting artists' addresses. If I like a particular artist's exhibited work I wait until the euphoria of the exhibition has worn off (usually after six months) and write to the artist concerned asking if he/she has any other works for sale.

The responses are usually encouraging and it is often a real delight to meet them and to see their studios - and quite often their work can be acquired direct at modest prices. It also cuts out hefty commission payments to commercial dealers, some of whom have been known to charge 40 per cent.

Whether anything I have collected will prove to be of tremendous monetary value is probably for a future generation to discover; but for people wanting to make genuinely long-term investments, while gaining pleasures for the eye, collecting works of art has much to recommend it.

'Finally, I achieved a schoolboy dream, to own a 1933 penny'

Harbottle Grimston. In 1955, the title was sold for £350. It was re-sold for £1,025 in 1966 and I acquired it at auction for £7,000.

There was considerable interest in such titles in 1987-88 when the average price went to £9,000-£18,000 but prices for ordinary lordships are now back to 1986 levels.

However, one of the attractions of the lordship of Westleton Grange was that it came with a small collection of ancient documents, including the court book of 1689-1777.

I suppose if we lived in Suffolk the lordship would retain some of its appeal but my wife is Chinese and would prefer a simpler title. So she is now considering selling it - either at one of the regular auctions which are held for such titles or by private treaty.

Over the years, my attitude towards collecting has changed. Unless the object concerned is of sentimental value, or pleasant to look at, then I am prepared to sell it.

Sentimental objects include a deceased aunt's medals, including a Royal Victorian Order. Every time I look at it I am

BEST RATES FOR YOUR MONEY

Account	Telephone	Notice/term	Min/maximum deposit	Rate %	Inf. incl.
INVESTMENT A/Cs and BONDS (Gross)					
Scarborough BS	First Post	0800 590575	Instant	£1,000 10.40%	Yty
Bristol & West BS	Balmoral A/C	031 225 3357	Instant	£25,000 8.30%	Yty
Allied Trust Bank	3 mth notice A/C	071 626 0879	3 month	£2,001 10.50%	Yty
Bath BS	City of Bath	0225 423271	6 month	\$40,000 11.25%	Yty
Chelsea BS	Premier A/C	0800 272505	30.9.84	£10,000 11.75%	Yty
Cheltenham & Gloucester BS	Golden Term Share	0800 717505	4 Year	£25,000 12.25%	Yty

TESSAs (Tax Free)					
Allied Trust Bank		071 626 0879	5 Year	£9,000 12.68%	Yty
Julian Hodge Bank		0222 228090	5 Year	£20 12.50%	Yty
National Counties BS		0372 742211	5 Year	£25,000 12.50%	Yty
Exeter Bank		0382 50635	5 Year	£250 11.25%	Yty

HIGH INTEREST CHEQUE A/Cs (Gross)					
Caledonian Bank	HICA	031 568 8235	Instant	£1 9.50%	Yty
UDT	Capital Plus	0734 560411	Instant	£1,000 9.40%	Yty
Chelsea BS	Classic Postal	0242 521391	Instant	£5,000 9.75%	Yty
				£10,000 10.00%	Yty
				£25,000 10.50%	Yty

OFFSHORE ACCOUNTS (Gross)					
Woolwich (Guernsey) Ltd	Intl Gross	0481 715735	Instant	£500 9.50%	Yty
Yorkshire Guernsey BS	Key Ninety	0481 715885	Instant	£50,000 8.30%	Yty
Yorkshire Guernsey BS	Key Term Share	0481 715886	31.8.83	£10,000 11.00%	OM
				£25,000 11.25%	OM
				£50,000 11.75%	OM

GUARANTEED INCOME BONDS (Net)					
Prosperity Life FN	0800 521546	1 Year	£25,000 8.35%	Yty	
Financial Assurance FN	081 367 8000	2 Year	£25,000 8.40%	Yty	
Liberty Life FN	081 440 8210	3 Year	£25,000 8.40%	Yty	
Financial Assurance FN	081 367 8000	4 Year	£25,000 8.25%	Yty	
Aviva FN	0800 010575	5 Year	£50,000 8.40%	Yty	

NAT SAVINGS A/Cs & BONDS (Gross)					
	Investment A/C		1 Month	£5 8.50%	Yty
	Income Bonds		3 Month	£2,000 8.25%	Yty
	Capital Bonds D		5 Year	£100 10.75%	OM

NAT SAVINGS CERTIFICATES (Tax Free)					
	37th Issue		5 Year	£25 8.00%F	OM
	5th Index Linked		5 Year	£25 8.50%F	OM
	Childrens Bond B		5 Year	£25 10.9%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (all other rates are variable) OM = Interest paid on maturity. Y = Nat Rate. S = Bond. F = Rate fixed until 1.10.92. * = Rate fixed until 1.10.92.

Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Valuations, House, Shares, Norwich. Readers can obtain a complimentary copy by phoning 0800 300829.

THE RATE TO BEAT

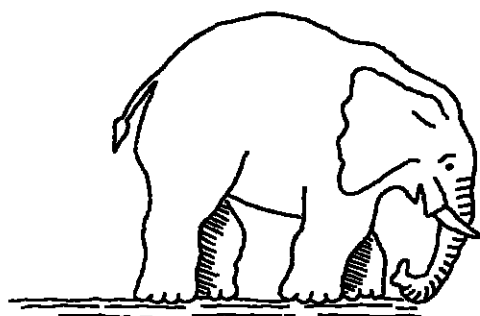
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Enjoy this exceptional return - equivalent to 8.18% p.a. net - with our new Three Month Notice Account. • Minimum initial deposit only £2001 • No transaction charges • Monthly income facility available - 10.40% p.a. gross, 7.80% p.a. net. Call 071-626-0879 any time for full details.

ALLIED TRUST BANK

... putting your interest first

STEWART IVORY Unit TruSts



STILL PUSHING
BEYOND
THE RECESSION

As the recession lingers on, a yield of 5.2% is something to be proud of.

That's what you could currently expect from Stewart Ivory's British Fund.

A recent survey* places us, yet again, in the top 12 income unit trusts. The same survey shows that our dividends have grown by 99% over the last five years - and we're not about to stop pushing now. We've maintained our capital growth, too.

Over a 10-year period to 31 December 1991, your initial £1,000 investment in the British Fund would have grown to £3,821.

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FINANCE AND THE FAMILY

The frown on the face of the tiger

Julian Tregoning, director of Save & Prosper, underlined the risks and said the Korea fund would carry a warning that it should only form part of an investment portfolio but, "tak-

Collective funds, in Korea only or in the Far East as a whole, offer the safest way into the market. Unit trusts had been hampered by regulations until March this year, when the Securities and Investments Board added Korea to its approved securities market for

Seoul has seen the erosion of South Korea's international competitiveness in the last five years

Robert Irving, fund manager of Schroder's Korea-Europe investment trust, says: "The arguments in favour of Korea are long term; 1993 and 1994 could be good years if there is a worldwide recovery but 1992 will be unexciting as the stock market digests the implications of a slower economy."

Watt says he will be increasing the exposure of the Pacific Investment Trust to Korea later in the year. "Company ratings have come down to sensible levels. The stock market is highly geared, so under the right conditions - a rebound in company profits and a good world economy -

Capital gains and Polly Peck

A forced share sale

"Please let me have your decision on this claim within 30 days."

possibility, send the solicitor a copy of a company's memorandum and articles of association, so that he or she can check the restrictions on transfer and any pre-emption rights.

CGT on legacies

A PERSON died two years ago and left a substantial legacy mainly in private company shares – the valuation of which is still under negotiation with the Inland Revenue. Aside from inheritance tax on the estate which as residuary legatee I am liable to pay, are capital gains tax also involved, viz any gain from a 31 March 1982 base point and whatever the decided valuation is at the

Q&A

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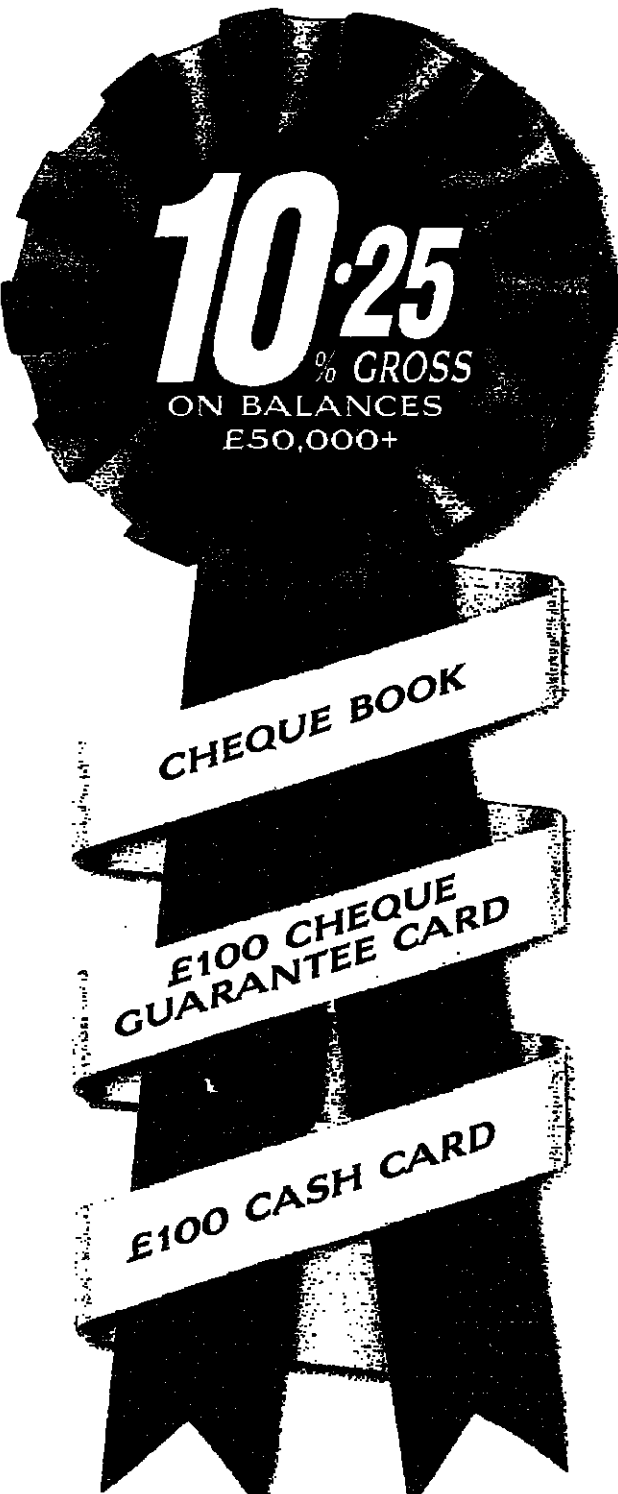
■ We think that you should retain all documentation until at least six years after completion of the administration of the estate. If the final distribution was made in 1985 you could consider disposing of the documents now - otherwise you should wait longer before doing so.

FACTFILE: Korea

Population, 1999	43.2m
Gross Domestic product 1997	\$160.62bn
Market capitalisation	\$51.5bn
Inflation rate, April 1999	7.2 per cent
Interest rate (March)	14.7 per cent
Exchange rate	£1 = Won1,497

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MINDING YOUR OWN BUSINESS

"IT PROBABLY takes an Irishman to build something like this." Well, Sean Dooley-Power is Irish and he has built it.

A curious creature is his creation. As tall as a small house and looking a bit like Robin Hood, like something made by sixth formers for a science competition, the C-MAC amphibian nevertheless incorporates clever technology. It can also transport 36 passengers at 35 miles per hour on land and seven knots on water.

All Dooley-Power now has to do to make a business out of this curious beast is to persuade potential customers to buy the four-wheel-drive machine. So far, the venture, including building the prototype, has absorbed more than £150,000 with no return. "It has felt a bit like the loneliness of the long distance entrepreneur," Dooley-Power says.

Dooley-Power, a 37-year-old business-studies graduate, worked for the Ford motor company, a merchant bank and a property company, married a Jersey woman and moved to the Channel Islands.

A home-catering business provides the family with a regular income but Dooley-Power wanted to be a different kind of entrepreneur. After helping to design and build three old-fashioned amphibians for a Jersey operator he started to plan what he claims is the first significant technical advance in amphibious vehicles since the lorry-based landing craft of the second world war.

"I've taken the concept where it was left back in 1945 and put in modern design criteria, modern survivability demands and modern technology."

Instead of a truck chassis with a propeller, Dooley-Power's tiny company, C-MAC Industries, creates a boat with wheels. It incorporates a 200hp air-cooled engine with power and steering in the water provided by swivelling water jets. There is no direct mechanical drive between the engine and the separate motors on each of the four wheel hubs. So there are no metal components such as a drive shaft to suffer rust under water. The bottom of the amphibian is just a flat box. The company has a patent on a hydraulic mechanism which transfers power from one axle to the other as the vehicle leaves or enters the water, creating greater traction.

So far, so good. But Dooley-



Waiting for his boat to come in: Sean Dooley-Power and his prototype amphibian

Launching a company with a little 'fringe lunacy'

Nick Garnett meets the creator of the modern amphibious vehicle

Power has been forced to learn some pertinent, if unsurprising, lessons about trying to start a business on the back of a new product. The first lesson was that he had to build the vehicle. "I learnt that you cannot sell a concept off a set of drawings. No one wants to know. I had to make a prototype. This was even though the drawings were made by a proven boat designer, Stan Goldman, whom Dooley-Power met at a boat show."

The second lesson was that on a project like this, the banks will, in unison, turn up their noses. "I wrote to 26 banks and got nowhere. I also tried 31 and they were dismissive. I was naive enough to believe that my commitment to the venture would be good

enough. Instead people start thinking of you as a kind of Walter Mitty."

The funding for the project, says Dooley-Power, has come from Kevin Leech, head of quoted company ML Laboratories, also a Jersey resident.

The backer has taken a 50 per cent stake in the company in return for funding the £138,000 needed to build a prototype. This money includes all the fees to obtain approval from Lloyd's Register for sea-going vessels and the Department of Transport.

The cost was partly inflated by the need to use sub-contractors. The aluminium-bodied amphibian was constructed by an engineering company in Cornwall. "What that means though is that my fixed over-

heads are kept down to zero," says Dooley-Power, whose hero is Joe Bamford, founder of JCB, the earth moving machinery manufacturer.

Another lesson he is still learning is that luring customers usually proves a hard slog. Dooley-Power has spent £20,000 of his own money on the project, partly taken up by visiting potential customers overseas.

"We have proved the concept and the vehicle is virtually maintenance free but nevertheless people always ask: 'How many have you sold?'" Possible customers include existing operators of passenger-carrying amphibious vehicles to islands one or two miles from the mainland and operators wanting an amphibious work boat, including oil companies

using pipelines in swampy terrain and local authorities faced with oil and algae pollution of ports and beaches. The basic machine will cost £180,000 but a range of different work platforms are offered as well as four-wheel steer.

Dooley-Power says the venture includes an element of "fringe lunacy". Being immersed in it for the past few years has resulted in many a sleepless night. But he is convinced there is a slot for the C-MAC. "It is, though, the ultimate niche market." The machine has taken two years to complete. The next year or two will decide whether it sinks or swims.

C-MAC Industries, PO Box 447, St Helier, Jersey, Channel Islands. Tel: 44-534-44454.

A stirring tale of Essex enterprise

Suzanne Askham talks to two men who built a successful vending company

IT BACK. Let me tell you the story of how Gary Klein has made a success of selling millions of cups of coffee, such as the one you are about to drink, to businesses in the Midlands and south-east England.

Thirteen years ago Gary Klein was selling coffee machines for a vending company. He began to think, in the way of would-be entrepreneurs: "Why am I doing this for someone else, when I could be doing it for myself?"

A junior sales colleague, Steven Murray, shared his views. Together they resigned from their jobs and founded Bru-Stir Services.

They planned to provide high-quality coffee products to offices, with the added sweetener of good service. "And that," says Klein, "is when our problems began."

Initially, they operated from a tiny room in Klein's home in Essex. They borrowed the small capital required - £3,000 - from Klein's mother, and split the ownership of the company 70/30 in Klein's favour, paying themselves little or no salary.

"I wouldn't go to a bank," he explains. "None would lend to me, I believed."

Most of the capital was spent on stock - coffee, creamers, cups - and the two partners proceeded to do what they knew best: selling.

Klein now realises that their sales background led to a peculiar crisis in the first year. "We had intended to sell table-top coffee dispensers (these look like half-sized vending machines), just as we had been doing in our old company, and have a few smaller brewing machines to fall back on for those customers who didn't want to invest in such a big machine."

But we quickly found we were getting much more business from the coffee brewers, which turned our cashflow projections upside down."

The problem was this: the big machines were supposed to sell for £400, which would bring back cash quickly to Bru-Stir. But the more popular coffee brewers were not being sold, but lent; the idea, borrowed from America, was to let a client have a free brewer for as long as it continued to buy coffee from Bru-Stir.

Although highly popular, it meant that Bru-Stir was spending about £150 per machine, and waiting perhaps 30 months before the coffee sold to supply it, at a profit of £5 per box of coffee, finally paid for the brewer.

The problem got so bad that the two cut their salaries from £100 a week to £50, and Klein borrowed an additional £2,000 from his mother. Ironically, the turnover for the first year up

gradually, first a driver and an office worker, and then more, to a current total of 46. The Gants Hill office proved too small, because Klein's philosophy of organic growth - "the business has to pay for everything" - and that included the fleet of vans and cars, I don't believe in contract hire, and we have never had a bank overdraft" - was finally reaping profits.

In 1985 turnover was £417,000, and in 1986 it reached £782,000. Coffee was making up about 55 per cent of the business, with teas, cups and hygiene products responsible for the rest. From the total, Klein was aiming for a return of at least 30 per cent.

In 1987 turnover passed £1m and Bru-Stir moved to its current spacious property in Dagenham, Essex; 18,000 sq ft plus grounds. In a canny deal, Klein bought the 105-year head lease with 21-year rent reviews for around £140,000 on a bank loan. The company now pays £15,000 a year rent - less than its rates.

Credit control is successfully dealt with in-house, and Bru-Stir is now concentrating on better marketing and advertising, particularly on its own brand of coffee, Noble Tree, which was launched in January this year.

Turnover in 1991 was £2.8m, and the growth looks set to continue. Murray has bought back 10 per cent of the shares. The company has set up an office in Nottingham, taking over a failed concern, and is open to more acquisitions.

"I believe the best thing in a recession is to grow, so you're not too lean when it's over," says Klein. "But we'll never do it by spending more than we can afford. I like to sleep at nights."

He is not the sort to let coffee keep him awake.

■ Bru-Stir Services, Bru-Stir House, Freshwater Rd, Dagenham, Essex RM8 1RW. Tel: 081-534-2632.

"I don't believe in contract hire and we have never had an overdraft"

to August 1991 was a healthy £39,800, but the profit was nil.

Murray decided to sell his shares back to Klein for a much-needed cash sum of £2,000, but he continued to act as a partner. From this difficult beginning the business grew slowly but steadily - the machines began to pay for themselves. In 1983, turnover was £131,500.

Bru-Stir moved into a small office in Islington, then a slightly larger one, and, two years later, to bigger premises in Gants Hill, near Ilford, Essex. The 21-year lease, with three-yearly rent reviews, was going for £3,500, and for this, unusually, Klein approached his bank, National Westminster Bank, for a loan.

"We had to sign personal guarantees. It was a real performance." Staff were being added

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Computing

Program your life

Robin J Brooker looks at personal information managers

ONE OF the problems of modern life is keeping all the information you require at your fingertips. The Filofax, or personal organiser, was a possible answer to this dilemma. It was portable and it allowed you to make notes, keep a diary and an address book all within one compact booklet. But it had a great failing: it was difficult to cross reference the information.

I found that trying to retrieve the information I needed was a constant headache. And, when re-organising, my notes to make it more accessible, invariably one side of the page had notes about one subject and the other had unrelated topics. Often I spent hours rearranging the notes rather than using the time productively.

An increasing proportion of the working population now has a computer at its desks, or a portable computer which they carry around. The Filofax is becoming rather passé.

Computer companies make great play of the machines' ability to store massed, structured data. A high proportion of computer software is designed for one of four tasks: word-processing, database management, spreadsheets and accounts. These are fine for manipulating large amounts of data, be it in the form of word-processed documents, complex work sheets for repetitive calculations, or information that can fit into a list structure.

Until recently, there has been little for storing in a usable fashion, the snippets of information we gather day-to-day. Now, instead of a personal organiser resting on my desk, my diary, address book and notepad are kept within the computer. The type of software I use has a generic term of personal information managers or, as acronym assemblers will have it, PIMs. The advantage is the PIMs' ability to search for character strings.

PIMs can search across the whole range of features. If you wrote a note in your diary instead of the notepad, the PIM will find it for you. Many also offer direct links between diary schedules and notebook text. You may arrange a meeting to discuss a particular pro-



James

posal and enter it into the diary section. A linked note to that diary entry may contain the agenda for the meeting as well as more detailed information of the proposal.

PIMs are personal tools. They are designed to keep track of an individual's personal store of information. A PIM can be anything from a simple notepad to a small scale project management package.

People use PIMs in very different ways. Therefore, the term covers software packages which differ widely in the features they offer. Some might switch to a PIM only occasionally and exploit it for little more than jotting down random thoughts and noting telephone calls - others might keep the PIM running all day as the main program they use

application. As soon as you had completed the Sidekick task you could drop back to where you left off in the spreadsheet, database or word-processor you were using. Sidekick has had many competitors since - many offering the same facilities - and others which took a rather different formula for the amenities they offered.

In the past couple of years there has been much written in computer journals about the Windows Graphical User Interface (GUI). It has advantages beyond the ease-of-use that is often mooted. These are well demonstrated where the personal information manager is concerned. A PIM works best when it is constantly available.

The Windows environment allows several programs to be available at the same time. On more high-powered computer systems several programs can run at a time - a facility called multi-tasking.

Microsoft Windows also allows graphics which duplicate such things as index cards, calendars and even standard, six-hole, Filofax paper. By offering applications which look similar to their paper-based forebears many software producers hope to increase their market.

Another PIMs platform is the hand-held, or palm-top computer. Though not as powerful as desktop or notebook computers they present a reasonable alternative for lightweight everyday tasks. Most offer some form of note input as well as the all-important searches. Many pocket portables offer easy connection to more powerful desktop machines.

Any personal information manager only works as well as the data it holds. It takes some initial effort to remember to enter each phone call and appointment into the computer. But, once you have overcome this block, it can pay handsome dividends.

Some PIMs work to their best only if they take over your life. Others are quite happy to take advantage of any information given to them. From this it follows that a PIM is not much use unless it does what you want and in the way you want. As with all software the onus is on the user to select the right package.

TRAVEL

The old world of modern Iran

The sights of Iran are impressive — but does anyone want to go there? John Westbrooke reports

IT IS spring in Iran, and you can imagine the poets hymning it. Roses and plum blossom burst out against the dusty hillsides and pale blue skies, while the snow melts into rivulets that combine into streams that water the land.

As you head lower, farmers are ploughing rich brown furrows in the grey soil and scattering seed. Wheat and rice start appearing. Land that looks too poor to raise crops is grazed by sheep and goats, tended by boys with big sticks. Way down in south Iran, by the Gulf, the herds are heading higher as the weather warms, with Kashgai nomads in attendance. Real nomads do not lead the sheep but follow them, their possessions bundled on donkeys. We saw a rare sight, a brightly-clad group riding camels; but today's preferred beast of burden for the Kashgai is a Toyota pickup.

People have been travelling these roads, between east and west, for ever. On the plain at Pasargadae, near modern Shiraz, Cyrus the Great overthrew his Median grandfather in 550 BC, the first step on the way to building the first Persian empire. He beat Croesus of Lydia, who was promised by the oracle at Delphi that if he went to battle he would destroy a great empire (Croesus did, only to find it was his own empire).

Cyrus also conquered Babylon and earned everyone's admiration for his generosity: he restored the old gods, encouraged religious and cultural tolerance, and won glowing mention in the Bible for sending the Jews home after their long exile.

Here, at Pasargadae, he was buried in a small, stepped building which looks as if he was imitating the pyramids but had not realised the size of them. Alexander the Great, another admirer although he spent much of his career fighting the Persians, executed the underlying who looted the tomb. Cyrus's successor-but-one, Darius, moved his palaces to Persepolis and Susa — proper, walled, defensible cities, whereas Pasargadae was a nomad camp in stone. The walls at Persepolis are deco-

rated with neat bas-reliefs, as clear and detailed as if they were carved yesterday, of long-gone subject peoples bringing him tribute: Arabians with goblets, Gandarians with bison, Sagartians with a horse.

They had to prostrate themselves before the King of Kings; if they so much as touched the royal carpet they were put to death. The Greeks were disgusted by this oriental pomp, and Alexander burnt the palace after capturing it.

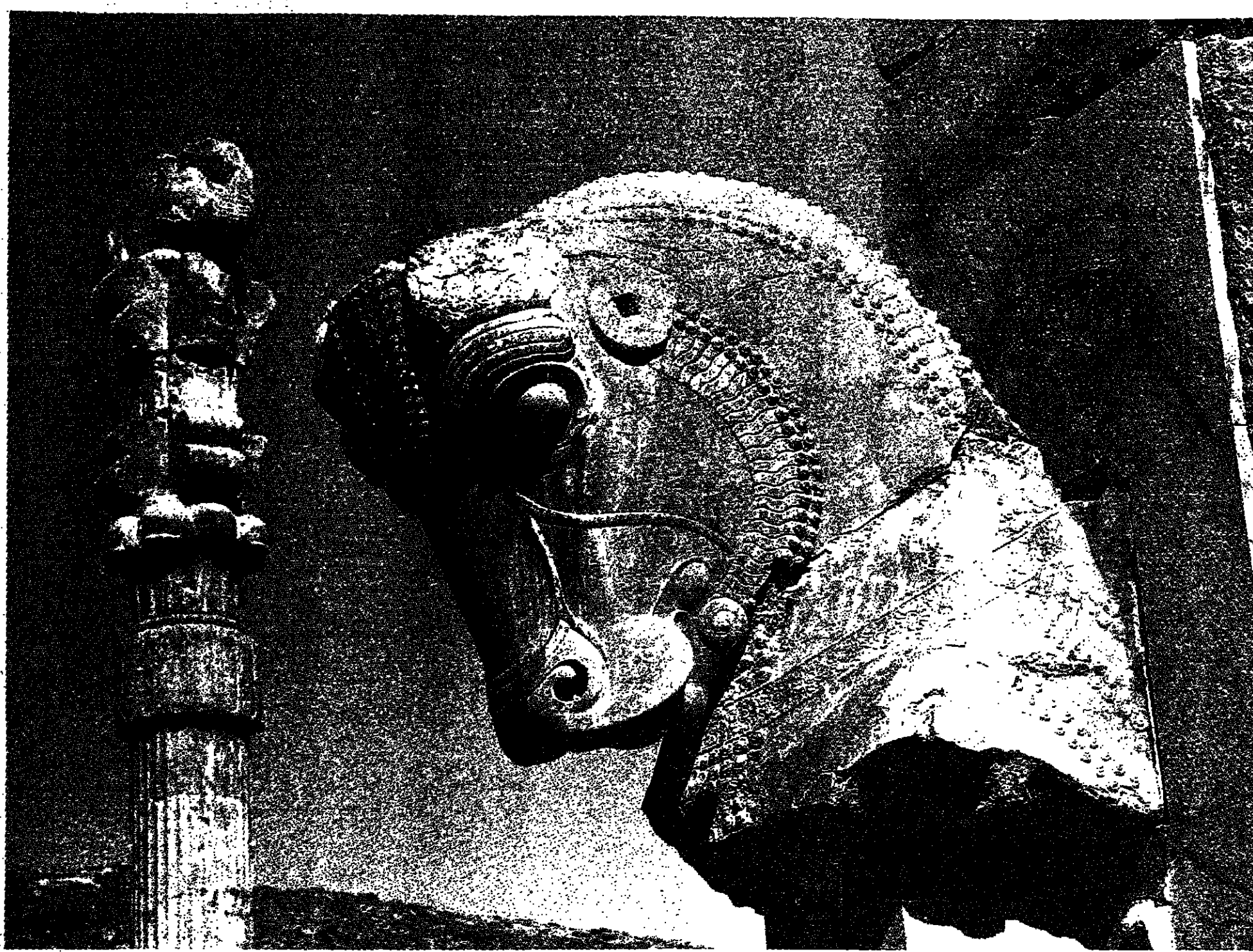
Along the same roads, though, is the evidence that the Persians rose again under the Sassanid dynasty. In 260 AD, King Shapur captured the Roman emperor Valerian, and wanted everyone to know it. By Darius's tomb near Persepolis, and at other prestige sites throughout Iran, are sturdy rock carvings showing him humbling the hapless Roman. When Valerian died, Shapur had him stuffed with straw and mounted in a temple, to keep alive the memory of his victory.

Other Sassanids appear in similar self-advertisements, unimposing opponents in battle or being crowned by their chief god, Ahura Mazda — impressive, intelligent stuff that has lasted through the ages, as it was meant to.

The following millennium of rule by Arabs, Seljuks, Mongols and Timurids left monuments everywhere, pavilions and gardens and poets' tombs, but above all in Isfahan, capital of the 16th-century Safavid kings. There are bridges across the Zayandeh Rud river, one with 33 neat arches, another with steps on the downstream side, where people sit in the sun on their day off, sipping a sort of ice cream made of rice powder and lemon sauce (unexpectedly refreshing), and the women, swathed from head to toe in the standard black chador, cruise round in pedalos.

Above all, Isfahan has mosques, with the bluest domes this side of Samarkand. On the main Friday Mosque, the delicate 15th-century tilework hides an older maze of brick pillars, arches and cupolas, which seems to have just accumulated over the years.

On what used to be the Royal Mosque, and is now the



Persepolis: the walls are decorated with neat bas-reliefs as clear and detailed as if they were carved yesterday

Iman's Mosque, the decoration is total. Four huge, arched rooms open on to a central courtyard, and every one of them is awash, inside and out, with tiles, swirling foliate patterns, geometric decorations and angular calligraphy.

Scholars grumble that this is all over the top, decadent, a rush job begun in 1611 by the Great Sophy — Shah Abbas — to complete one end of the city's great rectangular open space, the Maidan (which has smaller buildings in the middle of the other sides, and two storeys of arches in between, and is anyway so big you hardly know it is there).

Maybe. But I defy anyone to walk into this mosque and not be dazzled by the overwhelming luxury of it all. All this magnificence, though, raises the question of whether anyone is going to go to Iran to see it. Its sights, natural and man-made, are as exciting as those of, say, Mexico; but a decade of religious rule and Gulf war have left Iran looking like a bad

risk. Foreigners are, at best, trickling back.

Understandably so. Our hotel in Tehran bore the words *DOWN WITH THE USA* in letters a yard high over its front door; this was only partly offset by the amusement park over the road with Mickey Mouse painted on the walls. Like the French at EuroDisney, the Iranians are half-fascinated, half-repelled by the Great Satan and his mouse familiar.

For all that, the people seem friendly. Children gawp and grin and say hello, but unlike their counterparts in much of the Third World they do not demand pens, sweets or money (yet). Some women were as eager to photograph us as we were to photograph them. Anyone who speaks English will probably try it on you.

Modern Iran has not, to be honest, many monuments to recommend it. Villages are poor, mud-brick things. You can visit the ousted Shah's estate in Tehran, gracefully

decoated; there was once a statue of him there but only the boots, a yard high, are left. (The fabulous Peacock Throne, however, is to go on public show again). Khomeini's tomb, also in Tehran, is the main contemporary shrine: still unfinished, it looks like the Pompidou centre inside, all its service ducts exposed.

There is no alcohol, and not much night life either, but you could try one of the Houses of Strength, gymnasiums in which brawny young men work out in unison while a leader plays a drum and chants the Shahnama, the Persian national epic poem. It makes for an odd mixture of aerobics, juggling, weight-lifting,

dervish-whirling and recitation. At the end, the owner thanks all his visitors from Ingelstan and wishes them a safe trip home. ■ John Westbrooke travelled with Jasmin Tours. Tel: (0628) 531121. There have been no guidebooks for 20 years, although Lonely Planet has one in the works. The old ones

are wildly enthusiastic about how progressive and popular the Shah was; Nagels is the best of them. Bureaux de change and film are often unavailable. Take a universal bathing, a headscarf (if female), a taste for rice, and some patience: Iranians are re-adjusting only slowly to tourists.

As they say in Europe

Mitterrand de Bergerac

AMONG THE many events of European nostalgia week was President Mitterrand's visit to Sarajevo on the anniversary of the assassination of Archduke Franz Ferdinand.

Fortunately he survived it, but in going to the Bosnian capital when he did, he managed to destroy a tradition rather than recall one. It was the German financial daily, *Handelsblatt*, that hit the nail on the head. "This demonstrative gesture underlines the fundamental change in a hundred years of French Balkan policy," Mitterrand rebuffed the Serbs whom France has supported for decades.

It concluded that Bonn and Paris now stood shoulder to shoulder on the Yugoslav question. There is a substantial body of feeling in the German financial community, and which is reflected in the editorial politics of *Handelsblatt*, that holds that Germany has danced to a French tune for far too long. Clearly things have now changed.

The view elsewhere was that French foreign policy seemed to be returning to what was hailed universally as panache and audacity. The Dutch paper, *De Volkskrant*, cried: "Hero Mitterrand in Sarajevo visit." In France itself, however, there was self-doubt.

Sud-Ouest wrote, "Everybody, from his soul and his conscience, will admire Francois Mitterrand's gesture, for his courage, as our British neighbours say, with that touch of irony which hints at the Gallic limitations of the enterprise."

The business paper, *Tribune de l'Economie*, said: "There is Cyrano [de Bergerac] in all this. Abroad surprise outwings admiration. Our European partners can rightly wonder at an initiative taken in a full summit without the slightest consultation." This is all a far cry from the not so distant past when any French initiative would be greeted with Gaullist slogans about France fulfilling her "noble, global destiny" (it sounds better in French).

So if Mitterrand was trying

involved in the Community than is France or Germany. Are the French any less French than they were 50 years ago? Certainly not! Are the Germans any less German than 50 years ago? Certainly not! (My italics).

This is taking a taste for tradition too far, I feel. Most Europeans would hope that the Germans had changed a bit since 1942. That, after all, is what the European Community is for.

Major also thought the British were just as British as

remining. An editorial headed "The strawberry dilemma" began irresistibly: "Strawberries, those little kings of summer wrested from the cold earth, are undermining Dutch labour ordinances."

Once upon a time, 18,000 workers were recruited by the employment offices to work as seasonal labourers in the strawberry fields of Limburg. This year 30 turned up. The same crisis has hit the asparagus crop too.

The trouble is that the rate for the job in the fields is lower than the current level of unemployment benefit. So now there are thousands of Poles queuing up to do the work and turn their guilders into millions of zlotys.

But the paper continues, "Poles are ready to pluck the strawberries and store the asparagus but that cannot happen so long as the Minister of Social Affairs says there are Dutch workers available to do the job." But they will not do it, so the strawberries rot.

The paper concluded there were two solutions, one involved cutting the dole, which was impossible, the other — getting the Poles to do the work.

"But why should the Poles trek to Limburg in grotty buses and pay commission to middle men?" The answer is to grow the strawberries and asparagus on the plains of central Europe instead of in the Netherlands.

So this is the future for the new Europe. Politicians and industries can go to the east, but the east must stay firmly where it is.

■ James Morgan is economics correspondent of the BBC World Service.

Robin Lane Fox visits designer David Hicks' garden where highly-trained trees keep to the straight and narrow

to recreate the past the attempt failed and to many it merely provided evidence of how France had changed, not how she had remained faithful to her traditions. To others it seemed a quixotic gesture, almost irrelevant to the dreary world of concentration and harmonisation in which western Europe lives today.

Struggling against this windmill was John Major. He gave an interview to *Le Monde* on the occasion of the Lisbon Summit, British presidency et al, that attracted no interest in Britain but was a rather skilful operation designed to win friends and influence people in France.

He at least was not prepared to relinquish the realities of the old Europe and he set about asserting the principles of a Europe of Nations. So there came this passage: "Look: no nation is more

they were then, which may well be true. But by and large his country is not regarded as a lone defender of civilised values these days, last month's images from Sweden of bad English football and worse supporters have helped build up a picture that is somewhat at odds with the traditional English view of themselves.

So the headline that appeared in *Dagens Nyheter* of Stockholm looked strange: "Major loses battle for Sweden."

In fact it turned out to be the Swedish view of the Lisbon Summit which, apparently, was largely devoted to Swedish membership of the Community and which will not come as soon as many Swedes would like.

The lesson from the Rotterdam paper, *NRC-Handelsblad*, was that the past was past and it is no use

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SPORT

Olympic Basketball/Patrick Harverson

The selling of an American dream

LIKE AN avalanche, the selling of the US Olympic basketball team threatens to bury America's coverage of this summer's Barcelona games under a mountain of hype.

It is still three weeks to the Olympic opening ceremony, so Americans have yet to acquaint themselves with most of the sprinters, swimmers and cyclists going to Barcelona. The same cannot be said of the basketball players. It has been impossible these past six months to escape the deluge of publicity about the 12 superstars chosen to go for gold in Barcelona.

During the recent professional basketball championship playoffs, the NBC network, which is televising the Olympics, filled its coverage with advertisements, interviews, flattering profiles and punditry about what everyone is inevitably calling the "Dream Team."

The hype has included a truly offensive cartoon showing mountainous US players stomping all over puny foreign opponents. Jokey interviews with team members (including one, Charles Barkley, who said: "We better win the gold medal, or else we won't get any more endorsement deals"), and endless parades to the achievements of the stars such as Earvin "Magic" Johnson and Michael "Air" Jordan.

There have also been acres of coverage in the press, and a blitz of advertising by the team's 13 official corporate sponsors (among them McDonald's, Quaker Oats and Visa) which between them will spend \$40m (£21m) boasting about their connection to USA Basketball. Millions more will be spent by the makers of the sneakers and sports clothing the players wear.

There has been little mention of the opponents the US may face, or of the Dream Team's chances of success. This is because it is painfully obvious that the US will walk away with the gold medal, no matter who they play.

In the past, the US has sent university players to the Olympics, where they have usually won (nine golds out of 11 so far) with relative ease. In 1989, however, the International Basketball Federation (FIBA) voted overwhelmingly to allow professionals into the Olympics. The idea was to improve the standards of world basketball by allowing

everyone to compete against the best, yet it was accepted at the time that it would be years – decades, probably – before any country matched the US depth of talent.

The Olympics will show just how wide the gulf is. In the last five Olympics in which the US has competed, it has won 37 of 39 games. And that was with college players, not the thoroughbreds who will play in Barcelona.

As Michael Jordan said to Playboy magazine recently: "When you look at the talent and the teams we're supposed to play against, it's a massacre. It should never be close. . . Who's going to beat us? The Japanese? The Chinese?"

Unlike other Olympic sports, where selections are made just before the games to ensure the best competitors chosen are those in the best form, the US basketball team was named last September. The early start provided lots of time to hype the Dream Team.

'It's a massacre. It should never be close. Who's going to beat us? The Japanese? The Chinese?'

This was especially important to NBC, which paid \$401m for the rights to show the Barcelona games. At a time when sports has been bad business for TV, NBC knows that the US basketball team will be the most popular draw this summer.

The NBA – the most successful marketing organisation in world sport – also stands to benefit greatly from the Dream Team. By cranking up the publicity so early, it can spread more of the basketball gospel around the globe.

The glamorous US team will also help sell more of the merchandise of millions of dollars to the NBA and its teams. As the president of the NBA sponsorship and licensing agency said recently: "This will be the most concentrated marketing exposure any national governing board has ever received, for any sport." If the early choice of the squad was to give the hype-

chants a head start, the selection of the players was also designed to make the job of the salesman easier. By any measure, it was the most marketable – not necessarily the most in-form – players who were picked.

This explains why the US will be represented this summer by Magic Johnson, who had retired from basketball because he has the HIV virus, and Larry Bird, an ageing superstar whose back restricted him to a few largely ineffectual appearances late in the season.

While the two have contributed hugely to the popularity of basketball in the US, neither can remotely be described as among the best dozen current US players. But both were obvious choices, on sentimental, as well as commercial, grounds.

Even the selection of the token college player smacked of expediency. Instead of picking the outstanding performer in the college game, Shaquille O'Neal of Louisiana State University, the selectors chose Christian Laettner of Duke University. In a squad already dominated by black players, the colour of Laettner's skin (white) may have had more to do with his selection than his skill, which is considerable, but some way short of O'Neal's.

Laettner, however, is just a member of the chorus line, as are most of the others in the squad. The star, and the player the NBA hopes will sell basketball to the world, is Michael Jordan, the most charismatic athlete in US sport.

Like everyone else, Jordan knows what the Olympics mean to the bottom line. Initially reluctant to give up his normal summer routine of all-day golf, Jordan eventually agreed to join the team, no doubt aware that his presence in Barcelona could prove rewarding financially. This year he is expected to earn about \$13m from corporate endorsement deals. This is a conservative estimate. Include his involvement in the Olympics and the attendant worldwide exposure, and Jordan's earnings could rocket.

Not surprisingly, everyone involved is hoping Jordan remains in good health. As New York Times columnist George Vecsey wrote in a report on a recent NBA playoff match: "When Jordan tripped on the photographer and hobbled back on



On the international airwaves: Michael Jordan, the star of the US team

to the court with a sprained ankle, one could smell the fear from the network (NBC), the league (NBA) and the International Olympic Committee, for whom he is the ultimate meal ticket."

The key to why the NBA, NBC and the corporate sponsors riding the basketball bandwagon so love the Dream Team is summed up in two words dear to any businessman's heart: *success guaranteed*.

Wimbledon/John Barrett

The mind of Seles vs the body of Graf

TODAY'S singles final at Wimbledon between the top two women's seeds is the perfect climax to an absorbing fortnight. Monica Seles, 18, of Yugoslavia, the world champion, faces Steffi Graf, the 23-year-old German who is the Wimbledon titleholder and was her predecessor as world No 1.

It is a battle for the world's premier title between the holder of the Australian, French and US Open titles (Seles) and the golden grand slam girl of 1988 – the two women who have dominated the world scene since the eclipse of Martina Navratilova and the retirement of Chris Evert.

Graf has won five of her eight meetings against Seles, including a 6-0 6-1 fourth round victory at Wimbledon in 1989. But Seles was a frail 15-year-old then, a matchstick, all arms and legs, who had just given Graf the scare of her life in a thrilling three-set semi-final in the French championship.

I well remember that day in Paris, and could see what Steffi's father, Peter, had meant when telling me three years earlier: "I have seen a young Yugoslav kid called Seles who hits the ball with two hands both sides – she will be the one to beat."

In those days, Monica was training under Nick Bollettieri at the American academy in Florida. Bollettieri realised that too much competition would impose too great a strain on the growing girl and encouraged Monica to perfect her early-half attacking ground strokes in long sessions on the practice court. When Graf again beat Seles in the Brighton final at the end of 1989, a narrow 7-6 6-4 win on a fast indoor carpet, it had become apparent that the double-handed teenager hit the ball harder than any of the other leading players.

The following March, the family left Bollettieri because, they felt, he was spending too much time with his other star pupil, Andre Agassi. Monica's cartoonist father, Karoly, again became Monica's coach.

By May 1990, Seles needed no inducements to fire her ambitions. She had grown a full 5 ins in 12 months and now, much stronger,

was covering the court with greater speed. In Berlin she beat Graf for the first time and repeated the feat a few weeks later in Paris to win her first grand slam title.

Last year, Graf enjoyed two successes against Seles – on hard courts in San Antonio and on clay in Hamburg – as the two of them swapped the No 1 ranking five times. Their rivalry was growing as the younger player finally usurped Steffi's position in September by winning her first US Open crown. Four months later Seles increased her lead in ranking points by claiming a second Australian title in a tournament Graf was forced to miss because of illness.

As a result, their showdown in the French final last month was more than routine. It was Graf's chance to prove that she had regained her full powers after suffering from the effects of prolonged family problems surrounding her father's private life.

What a match it was. The first set went to Seles in a whirlwind of powerful two-handed driving; the second to Graf as the German raised the level of her counter-hitting. As the fluctuating 18-game final set built towards its tail-twisting climax, with both players responding magnificently to ever greater chal-

lenges, it became apparent that we were watching a battle between two intense personalities, neither of whom could bear to admit defeat.

Four times Seles saved match points in the ninth game. Twice Seles had to hold serve to keep her hopes alive as Graf surged ahead 6-5 and 7-6. Then, when Seles at last broke Graf again to lead 8-7, her own serve was ruthlessly dismantled by an opponent who found a new level of ground strokes aggression.

Immediately Seles broke again with a grunting ferocity that was almost frightening, and then served out to retain the title she held since first beating Graf two years earlier.

Today, then, is a very special occasion. Graf is still smarting from the Paris defeat (which she refuses to discuss), and secretly believes that on grass she can at last lay the Seles ghost that her father had seen creeping up on their ambitions all those years ago.

Graf's performance in beating Gabriela Sabatini in Thursday's semi-final was impressive, light-years ahead of her stuttering win against the same opponent in last year's final. Improved serving was the key. By creating momentum at the start of the point, Steffi was able to fire her famous forehand into the corners and could launch some well prepared net attacks.

She has her Swiss coach, Heinz

'Graf is undoubtedly the finest natural athlete in the game, while Seles has the sharpest mind'

Gunthart, to thank for restoring sorely-needed confidence in these crucial areas of her game. Seles, too, came through her semi-final test with flying colours. In beating the nine-times champion, Martina Navratilova, 6-2 6-7 6-4, Seles demolished the doubts about her ability to cope with a rampant volleyer on fast grass.

Her return of serve was the key to her success because it never allowed Navratilova to dominate in the forecourt. Her own serve, too, though not as efficient as it had been in helping her through five matches without the loss of a set, still presented problems, and her clinical despatch of mid-court balls was as ruthless as ever.

In the tense closing stages the younger player's remarkable coolness and her courage in going for risky winners turned the tables. The firmer courts this year have provided a higher bounce than usual and make it possible for the ground stroke artists to hold their own against the power servers, as Andre Agassi has proved along with Seles.

It should be a fascinating confrontation. Graf is undoubtedly the finest natural athlete in the game, while Seles has the sharpest mind. All will depend on their ability to produce their best shots when it really matters. Seles will attempt to apply the pressure on service return and from mid-court. Graf will try to unleash her deadly forehand.

But unless Graf can keep her serves and drives really deep she will be out-hit by the fiercest ground strokes the women's game has seen. Fasten your seat belts. We could be in for a bumpy ride.

Olympic equestrianism/Keith Wheatley

King William and Mary

I've inherited an inner calmness from her," says Thompson. She lives in the family home, a modest cottage, rent-free with her father's part-time work as church verger.

The village is as sleepy and pretty as any in England, a world away from the equine intensity of Newmarket or Lambourn. The Thompson yard, complete with hanging baskets, is a five-minute walk away. Half-a-dozen eventers, including King William, are trained there by Mary and two women grooms.

"I love these hills," she says. "I've lived here since I was three. I don't think I'd know how to get a horse fit on level ground. Whichever way you go from the stables you go up or down 600 ft." If a horse is balking at water-jumps he spends time splashing around in the River Sid.

Thompson's family are neither horsey nor affluent, two usual precursors of success in eventing. Her first riding was on a pony borrowed from the vicar and it was only after

Mary started to shine in local pony club events that they scraped up the money to buy a horse.

"Mum and Dad haven't got any money and I so much wanted to event after I left school but it just didn't seem possible. I rented the stable we now have and did all kinds of jobs just to pay for it. I took in livery horses, did a butcher's round. Hoovered old people's houses and cleaned the local camp-site loo. I even taught riding, although I now avoid it like the plague. I can't seem to get people to understand me although I'll happily school horses all day long."

One thread in her success is an eye for a horse. She spotted King William, a raw five-year-old with no known breeding line, and said: "That's the one for me." She was offered £120,000 for "Willie" before Badminton. That was more than any event horse has sold for. He must now be worth much more.

Beyond price is the relationship

between horse and rider. Equestrianism is unique in the Olympics because the athlete depends on another sentient being. There is no comparison with the role of a professional jockey who may jet in from another continent to ride a horse he has never seen before.

"The link between horse and rider in eventing takes years to build up. It is simply total trust. He knows what you're thinking and vice versa," says Thompson. "He has to believe that the rider will only put him in a situation that it's possible to get through. At that stage they will do anything for you."

She is 31, though she professes to feeling older after the stress of Badminton. She led through the initial dressage section and had the two fastest times around the slippery cross-country course, but had a nerve-racking finale in the show-jumping. King William took exception to the waterfall in the arena and Thompson had trouble directing

him. His hooves tapped many of the poles and it was a shaky finish.

"So often with bold and strong cross-country horses their show-jumping isn't careful enough," says Thompson, who admits to disliking the discipline. "Willie does seem to be improving a bit, thank goodness. He is also becoming very good indeed at dressage, which I like."

The X-factor for equestrians at the Olympics is that this is primarily a team event. The four riders in each team must put rivalries behind them and go for team points. "You'll be riding to orders," says Thompson. "The first person out is usually asked to ride conservatively and that means you probably forfeit your chance of an individual medal. "But this is one of the few sports where competitors all share information anyway. When you've come back from doing the track at Badminton, you'd instinctively tell the other riders where the problems are, or if there is a pothole at the waterjump. Perhaps it's trying to minimise the danger."

In Seoul, the British team took silver. This time they are favourites for gold. Thompson's strong voice trails away. She is so excited just going to Barcelona that she doesn't want to think about winning.

Motoring/Stuart Marshall

Romeo stoops to conquer

ALFA ROMEO, having peered into the abyss, is feeling confident about making a comeback in Britain.

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horsepower versions. The 2.5-litre, 166 horsepower V6 has been developed from the 3-litre engine used in the big Alfa 164. They are transversely mounted, driving the front wheels through a 5-speed gearbox. Italian males being what they are, Alfa Romeo does not even offer an automatic alternative. A turbocharged four-wheel drive 155, with left hand steering only, joins the range in the autumn.

Pricing looks almost predatorily keen. All 155s have power steering, electric front windows and sunroof, central lock-

ing and headlamp wash. The 1.8 is listed at £13,700. Even the V6, complete with ABS brakes, alloy wheels, climate control, power adjusted and heated front seats and exterior mirrors, is under the £19,250 tax band at £19,000. A similarly equipped 2.0-litre Lusso is £17,650.

Alfa Romeo is looking for conquest sales, mainly among under-40 year old males.

It thinks the 1.8 Twin Spark could seduce present business users of Vauxhall Cavaliers and Peugeot 406s. The 2.0-litre Twin Spark models (£15,100

and £17,650) are seen as alternatives to the Audi 100; the top of the range Nissan Primera and BMW 320i. And for the V6, Alfa Romeo has the Rover 800 and Mercedes 190E in its sights.

A few days ago I drove a 2.0-litre Twin Spark and a V6 for over 300 miles (500 kms) in Scotland. The roads varied from the M6 to narrow single tracks with passing places on the remote Ardnamurchan peninsula.

Of the two cars, I preferred the 2.0-litre Twin Spark. True, it had less muscle than the V6.

But it rode much better on its soft, quiet and shock absorbing Goodyear NCT2 tyres than the V6, sportily shod with lower profile, higher speed-rated Pirelli P700s.

Allowed to spin freely on the gears, the Twin Spark's 4-cylinder engine growled satisfyingly. The V6's exhaust note was just as authentically Alfa Romeo. Though it would pull happily enough in traffic at low revolutions in high gear, it enjoyed being given its head.

What can one say of performance nowadays without per-juring oneself or putting one's

head in the noose? Alfa Romeo claims, I am sure correctly, top speeds of 128 mph (206 kph) and 0-60 mph (0-96 kph) acceleration of 9.3 seconds for the 2.0-litre, 134 mph (216 kph) and 8.4 seconds for the V6.

I found both cars nimble, well mannered and – can one say this of a machine? – enthusiastic.

Being tall, I have never been happy with the driving position in Alfa Romeos of the past. The new 155 is no different. Alfa man is still reckoned to be as long armed and short legged as a chimpanzee. With the well shaped and pleasantly soft seat back as far as it would go, my right foot was still bent at an acute angle though my arms were almost straight. But drivers under 5ft 10 in (178 cm) tall are less likely to complain.

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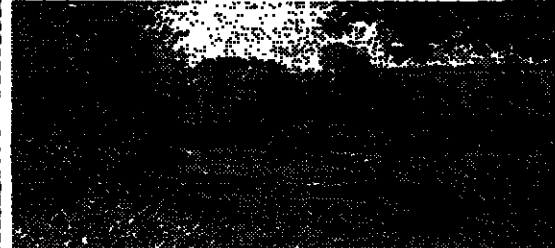


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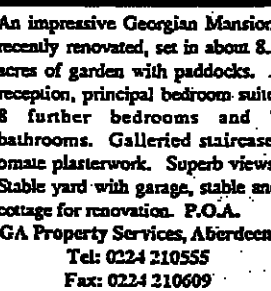
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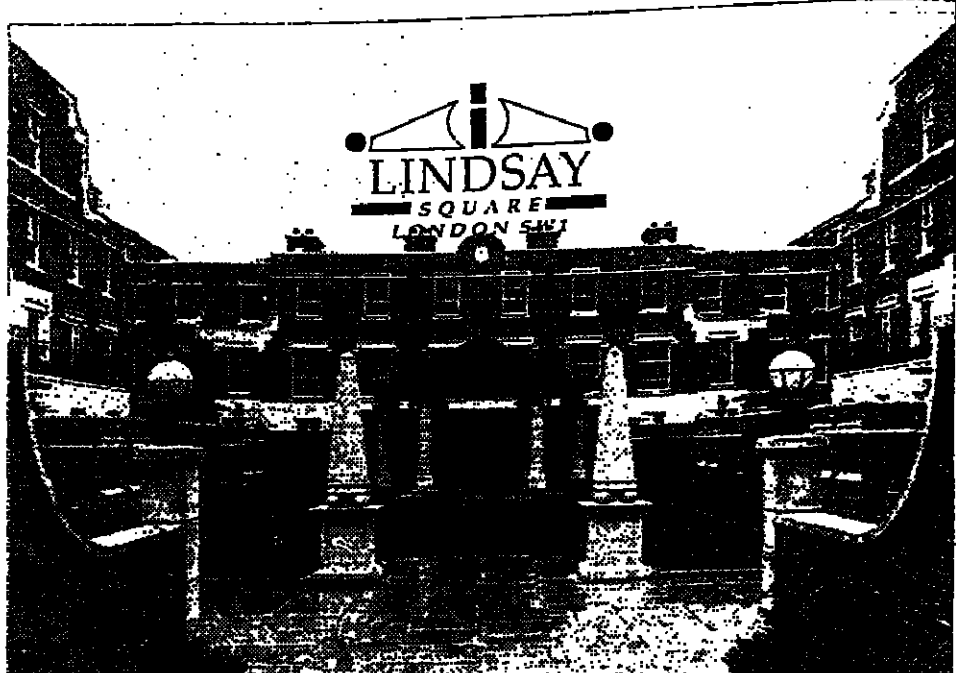
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HOW TO SPEND IT

A new class of great designers

Today's students are tomorrow's stars. Lucia van der Post admires the work of the class of '92

IT IS NOT often that many of us get the chance to see just what splendid work is being done in art schools and colleges up and down the country. We hear word from abroad of how much admired our British schools are, how inventive and creative the young are, but on the whole, unless we take time and trouble to visit the degree shows of the colleges close to

where we live, we have, by and large, to take it all on trust. In recent years there have been two important attempts to bring together under one roof the best work of the best students. Zeev Aram, as a labour of love, because he has spent his whole life in the design world, traipses up and down the country every summer, scouring some 40 of Britain's best art schools.

At his own expense he then brings the pieces that pass his particularly scrupulous aesthetic and functional tests to his showroom in London's Kean Street, in Covent Garden, where later in the autumn (from September 18 to October 9) the work can be seen.

Zeev Aram always hopes particularly that captains of industry, heads of big manufacturing combines and other commissioners and inspirers will come to the show, for there he believes they will find the talent that will help them produce the products that will sell.

The New Designers Exhibition starting at Islington's Business Design Centre on July 9 is slightly different. It is much larger to start with - the work of some 1,000 different designers will be on show - and it is therefore less stringently edited.

However, it is full of life and zest. Far from being a mere academic showcase, these days even the youngest designers have got street-wise and clued up on the ways of the market place, which means that almost everything on show is for sale.

If there is anything that has already been sold that you really want you may be absolutely sure that its designer/maker will be keen and ready to make you something almost like it.

The spectrum covered is vast - there is colourful glass from designers such as Marianne Buus, whose beautiful green jug is photographed here.

There are witty and beautiful pieces of furniture, there are hats and scarves and shoes and jewellery, there are lights and rugs, silver, pewterware or ceramics.

Many of the printed textiles in the exhibition are wonderful, but they are not always the easiest things to know how to use. Janice Blythe has been much inspired by icons as the design, pictured top left, shows - beautiful enough to be used as a wall-hanging it would also make a splendid cushion-cover. It measures 3m by 1m and costs £320. Mark Lewis has produced several pieces that seem to owe no allegiance to any other designer, era or movement that I can recall. Photographed here on the left is an outdoor seat which, for fairly obvious reasons, such as the greyhound silhouette, he calls "straining at the leash." Round steel tubing treated with galvanised zinc to prevent rusting has been used for the dog's body, a leather bike seat for the head and ball-bearings for the feet with a chain to attach it to a tree.

The seats were originally proposed for the Chilterns Sculpture trail in Oxfordshire and the brief required the seating to be both temporary and theft-proof. The seats are £490 each.

Above all, there are some truly lovely textile designs. Many of them have clearly been influenced by the somewhat New Age symbolism pioneered by English Eccentrics but the results are often so beautiful that one simply wants to frame them and hang them.

There are several reasons for going to the exhibition - anybody who is looking for products or designers to revitalise his business will find himself spoiled for choice.

Anybody who is interested in what the next generation of designers is up to, just how talented, how original, how lively they are, will be fascinated to see the vast range of disciplines on show.

Those who want a jolly day out and a chance to buy some original presents will be not be disappointed, while those who are thinking of commissioning a special piece for a special occasion will seldom get a finer chance to find one.

You should make especially sure not to miss the section headed One Year On where you can catch up with the work of those who graduated just a year ago.

Prices will range from £20 to about £2,000 (for a heavily inlaid marquetry table from the Parnham School of Furniture Designs) but there will be lots to choose from at under £100.

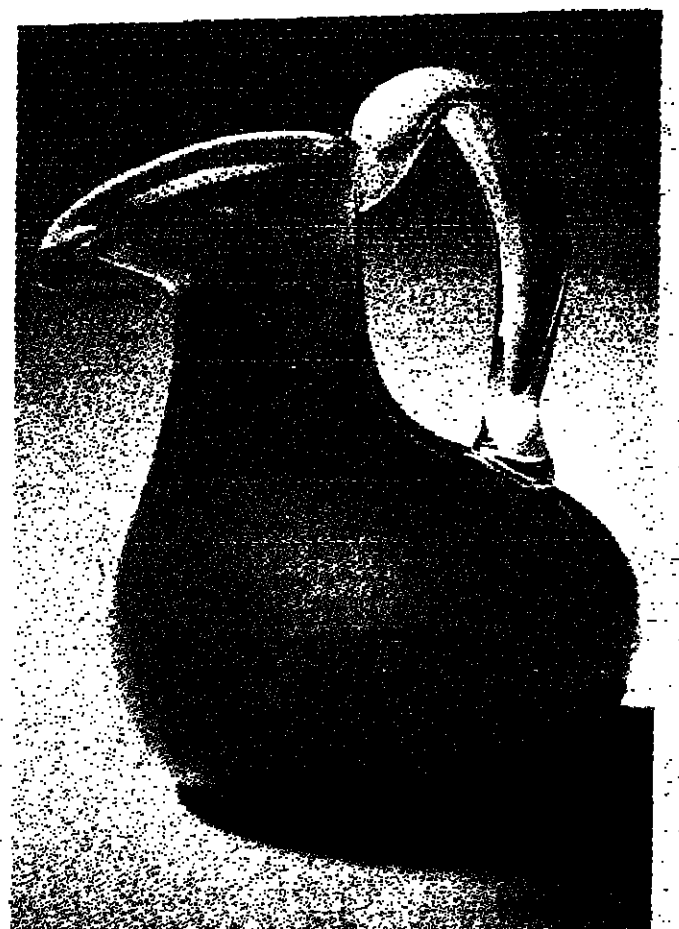
The exhibition opens on Thursday, July 9 at 10 am and closes at 8 pm on Friday. It runs from 10 am to 6 pm on Friday 10 and Saturday 11 while on Sunday July 12 it is open from 10 am to 4 pm. Admission charge is £4. OAPs, £2.50.



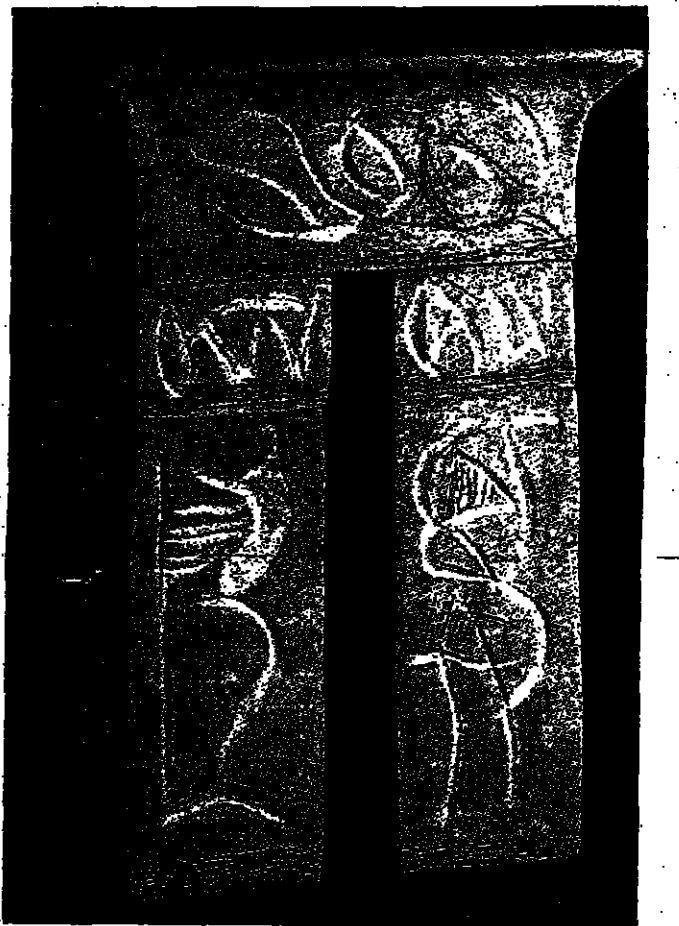
Above, Hayley Middleditch's design for a beaded top is inspired by the colours and brightness of Russian dolls. She combines good yarns and fabrics such as take fur to create jaunty, characterful clothes, aimed, as she puts it, "at the streetwise, club-going market" and designed to "emphasise the sexiness of the female body." All the garments on display will be for sale.



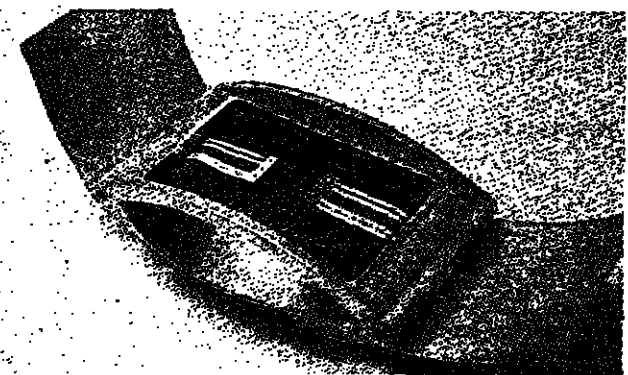
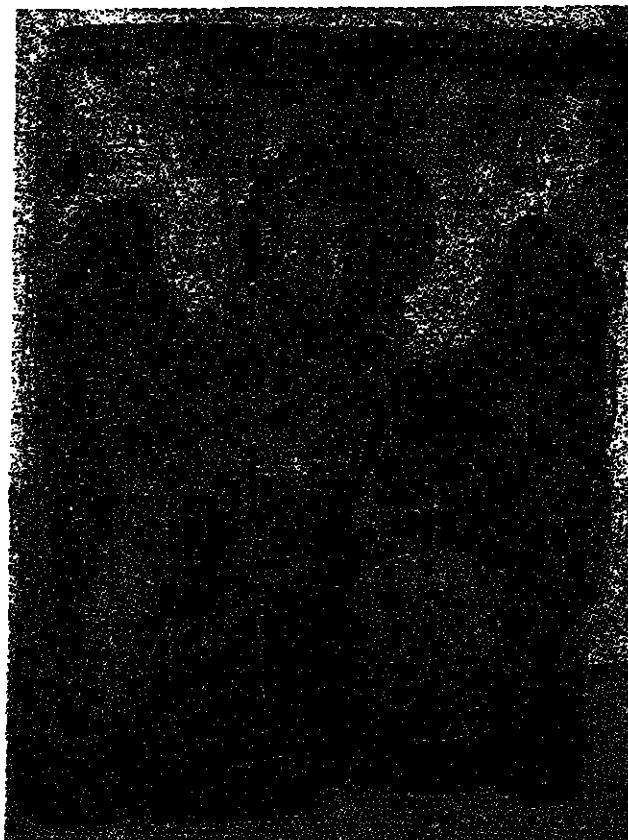
Mark Lewis also designed the marvellously innocuous hat and coat tree, photographed above. The trunk is made from medium density fibre board which is decorated with a burnt and branded pattern, while round steel tubing has been used for the roots and branches. The buds are of foam-filled cloth. As costs are added to the branches the tree bends and creaks under the weight, like a proper tree. As is the way with young designers these days, the hat and coat tree has a message - Mark Lewis sees the burnt MDF trunk as standing for our wanton destruction of the world's forests, while the green buds represent hope. From £250 to £300.



Left: It may look like a bedroom chair but Jonathan Head - who made it and who should know - calls it a clothes unit. Designed to take up a minimum amount of space, the stepping drawers can be used for storing underwear, jumpers, jeans, cufflinks or whatever while the back has hangers for dealing with suits, trousers, jackets or shirts. In medium density fibreboard, with a fiddle-back veneered in eucalyptus and stainless fittings, it costs £775 and can be seen at the New Designers One Year On section of the centre. Above: Marianne Buus, who is also showing her work in this section, offers a range of hand-blown and studio blown glass. This stunning green jug with the cherry-red lip is one of her hand-blown pieces. Prices start at £20.



Anybody with a grand garden might like to consider Rosemary Metz's terracotta arch. Metz, who is just graduating from the Goldsmiths' College of Art, specialises in architectural and sculptural ceramic work for the garden. The arch above is a maquette for a full-blown version which might be just the thing to set off a terrace, walkway or avenue.



Martin Smith is mad on military memorabilia and has used military motifs to embellish striking metalwork boxes of all kinds. The one pictured above he calls his Desert Rat box and is made from patinated brass with a mahogany lining and a silver album tray. His boxes make a sturdy and permanent housing for photograph albums or family memoirs.

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Marie-Claude Lalique, his grand-daughter, has now gone back to where her grandfather started and has produced a sumptuous, colourful collection of crystal jewellery, photographed right. The Cabochon collection comes in 14 colours, including bracelets and ear-rings, brooches, pendants, pins, the clips and cufflinks. Prices range from £345 for the bracelet and £125 for the ear-rings to £75 for the pendant. The collection is stocked at the Lalique shop at 162 New Bond Street.

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Some lovely new wallpapers from Osborne & Little have been brought out. Scaglia is a striking paper rendering of Italian marbling which comes in 20 different colourways, ranging from a rich terracotta to a heavenly pale blue, from palest apricot to a country green. Stronger and more striking than its forerunner, Stenna, it is an easy, almost instant way of conjuring up some of the latest paint effects.

If Scaglia is too strong for your tastes then take a look at Pietra, also new to the range, which imitates very

soft Italianate stone effects. There are some 20 different colours: gentle stones, beiges, greens, blues, pinks. Both papers come in rolls of 10 m long by 52 cm wide and both sell at £17.15 per roll (inclusive of VAT) from Osborne & Little's own shops at 304-306 King's Road, London SW3 5UH and 39 Queen Street, Edinburgh, and from good interior decorators and designers.

What does a well-dressed chap wear on his feet when he is relaxing around the house during the summer? Dockers, that's what. Once the only shoe the yachting crowd would contemplate, it has now become the TRE snob shoe for fashionable landlubbers as well.

The pukka original version

was a soft, comfortable moccasin, treated with oil to make it waterproof and with rubber soles to keep the wearer steady on deck. The most noticeable trademark, though, are the eyelets and lacing at the sides. Versions abound in almost every high street shoe shop, but anybody who is not near a good shoe shop might like to buy the Sebago version direct by mail from Shipton & Hensage, 117 Queenstown Road, Battersea, London SW8 (tel: 071-738-9484).

Prices are £55 for the women's shoe, £60 for men. Colours are plain tan, two-tone tan, suede, navy and white, navy and tan. And remember - NO socks.

Room to spare on a trip of a lifetime

IF THE gloom and doom in the last few months has got you down, if you feel in need of a treat, there are now a few places available on the very last Weekend FT safari to Zimbabwe.

Last year's safari - led by John Stevens and Gavin Ford, whom I consider two of the finest guides in Africa - was such a success that we set up a second one, with the same two fine guides, for this September (from the 12th to the 28th). A few readers have, for personal reasons, had to cancel, so anybody longing to get away and with £3,028 to spend on the safari of a

lifetime now has a chance. Remember that the price is inclusive of almost everything, including canoeing down the Zambezi, tented camps in the bush and beside the river and a three-day walking excursion in the middle. You will be happy to hear that in the Zambezi valley, where this safari is based, the rains have been normal - it is Southern Zimbabwe that is suffering so terribly. More details either from this office (071-873-3000) or Primrose Stobbs at Abercrombie & Kent (071-738-9600).

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AMERICAN FOOD AND DRINK

I DESPAIR, I really do. There is that huge country across the Atlantic with its 200m consumers, not so very different from us Europeans, but how many are ever going to experience the true, and delightfully simple, pleasures of wine? Probably a handful at most unless there is a complete rotation of US mind-set on wine.

Wine that sells in north America is either very cheap, very expensive, or regarded as a medicine. At the bottom end, a shrinking proportion of the mass market buys basic commercial blends, with their persuasive sugar levels, and swigs them for refreshment as an alternative to a cola.

At the top end of the market, a much smaller, static number of consumers, probably 0.1 per cent at most, are interested – and I mean passionately interested – in nothing but the very, very best and will pay any price to secure it.

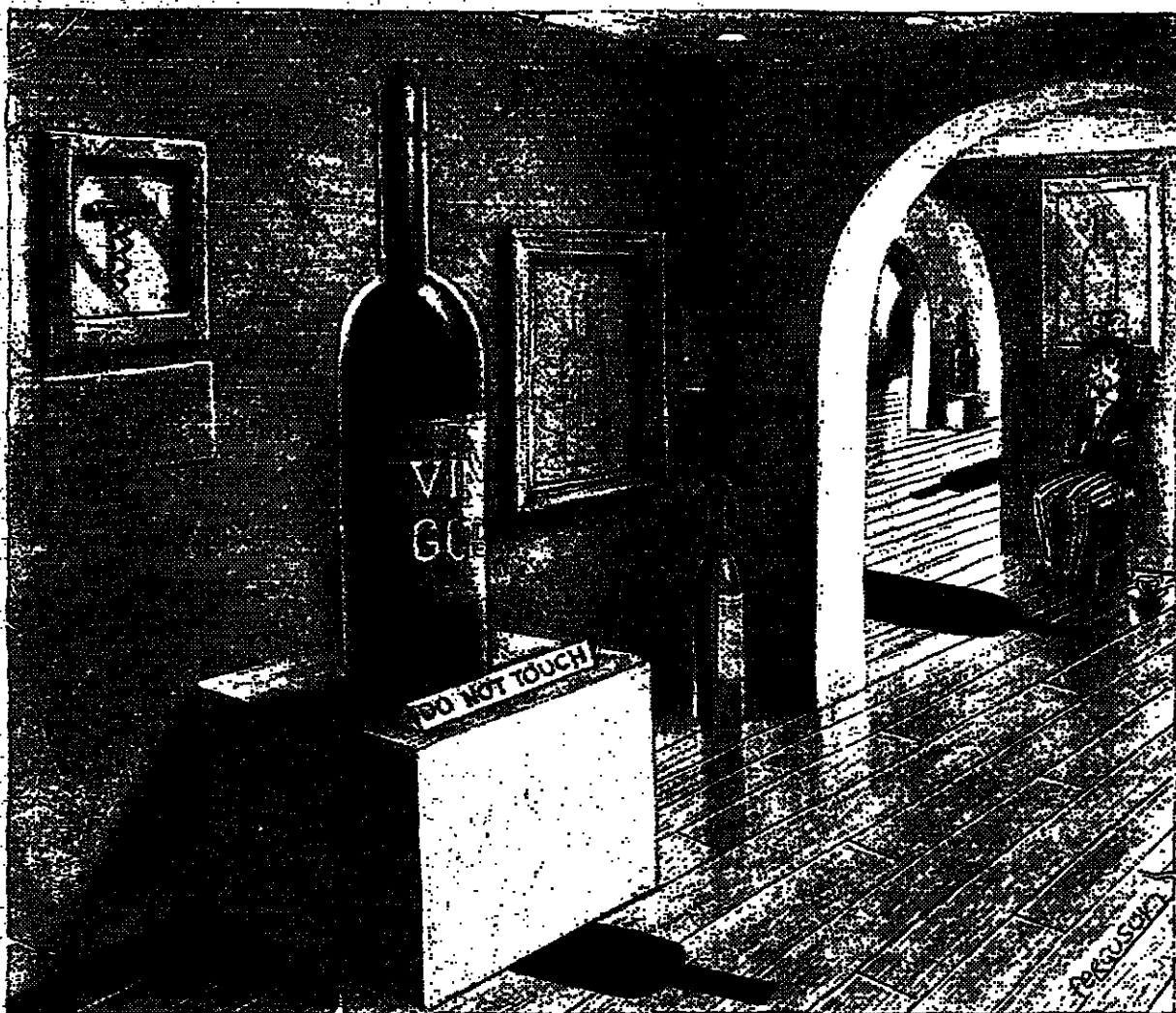
So well-heeled Americans gobble up all the most sought-after wines, helping to drive up their price, even importing British merchants' allocations across the Atlantic. But most Americans are uninterested in the bread and butter of the wine world, the exciting variety of good-value bottles that can be enjoyed every day. Okay, some will buy mid-range California wines in restaurants, but only because they resent paying restaurant mark-ups on the top wines they have in their cellars.

They all agree which are the top wines because they all read *The Wine Advocate* newsletter and *The Wine Spectator* magazine which dispense, per wine, easily comprehensible scores out of 100; pocket calculators have replaced palates in the American wine trade. One New York restaurant, Zee, even prints *Spectator* scores on its wine list, with special sections for the "heavy hitters" (those scoring over 90).

A dangerously high proportion of wine in America is filling cellars rather than glasses. Wine connoisseurship has enjoyed a period of unparalleled status in the US. A cellarful of 90-pointers has been seen as an essential accompaniment of success. The cellar will be specially constructed, its temperature and humidity carefully controlled, but its design is often predicated on its function as spectacle rather than store-cupboard. The bottles are for ogling rather than opening.

Bottles are sometimes opened, en masse, at grand, well-publicised tasting marathons at which perhaps 100 wines, each individually capable of sustaining a memorable dinner, are compared, and expected. But the proportion of great wine that is served as it is meant to be, a bottle or two at a time to maximise pleasure around a table, seems abysmally low from the European side of the Atlantic. American for someone who takes an interest in wine is, significantly, not connoisseur or enthusiast but "collector".

There are those, however, who think the only way wine will survive the



Only the best will do

for a nation of collectors rather than drinkers, says Jancis Robinson

activism of those labelled neo-Prohibitionists is by becoming even more elitist. For years now, all wine bottles, even the grandest, have had to carry labels warning pregnant women, and those in charge of machinery, against drink. Increasing controls and some crazy litigation have wrought striking changes in US attitudes.

A French wine merchant dining alone in a Boston steakhouse tried to sample a rival's brand, available only by the bottle. He was flustered to have his order refused by a waitress who told him that a bottle was too much for one person and that she risked being held legally responsible for his actions if he consumed it.

If the French wine trade were not in such dire straits, with Japan's second coming to wine looking increasingly mirage-like, one feels the French might give up on the US market altogether.

Ever since Prohibition, selling any alcohol in the US has been complicated, with different rules for each state, but the hurdles between producer and US consumer seem to double each year. Perhaps symptomatic of wine's place in American society is that wine's chief regulatory body is the fiercely literal Bureau of Alcohol, Tobacco and Firearms.

The BATF must have been as shocked as the wine trade. If in a very different way, by the extraordinary television broadcast in November on CBS's "60 Minutes" Morley Safer, a sort of Wogan-Dimbleby hybrid, told 30m Americans of the research that suggests that one of the factors that keeps the French heart disease rate 40 per cent lower than in the US may be France's more robust consumption of red wine.

Who could have predicted such a boon for the wine trade from this unexpected quarter? Little old ladies teetering into liquor stores the very next morning asking for a bottle of that stuff that wards off heart attacks. My practically teetotal but cholesterol-fixated Californian friend manfully starting washing down his lunch with *premier cru* burgundy. Gallo, the world's largest winery, has had to put all of its reds, even its much-maligned jugs of "Hearty Burgundy", on allocation only. Red wine sales immediately increased by more than 40 per cent.

But the US wine trade is trying desperately not to get too excited. Oat bran, sold a few years ago along much the same lines, proved more of a fling than a sustained love affair for the American public. It will not be in our lifetimes that Americans fall for the sort of relaxed life enhancement that regular consumption of good-value wine can offer.

Nothing extraordinary – except that the caller was an 83-year-old woman who had been cooking for the past 60 years and was still trying to perfect her technique. The American preoccupation with eating has been chronicled by John Mariani in an excellent book entitled *America Eats Out*, William Morrow \$25 (213.50). And Americans do enjoy eating out. Figures from the American National Restaurant

The Robin Hoods of the ice cream world



AMERICANS owe a debt of gratitude to Ben and Jerry, makers of Vermont's Finest All-Natural Ice Cream, for this singular feat: they have made eating ice cream virtuous.

In this year BJ 14 – the company was founded in 1978 by Ben Cohen, now chief executive of Ben and Jerry's, and Jerry Greenfield, vice-chairman – Americans cannot help but know that, when they pick up a pint of Ben and Jerry's Fresh Georgia Peach, Chunky Monkey, or Cherry Garcia (named for Grateful Dead lead singer Jerry Garcia) they are buying a lot more than ice cream. They are buying an ethos. They are buying political correctness.

As their success has grown – they sold \$97m (£52.4m) worth of ice cream last year and are second only to Haagen Dazs in the US super-premium ice cream market – Ben and Jerry have graduated from America's corporate class clowns to national role models for corporate responsibility.

Their company's goal: to make first-rate products while toiling a two-part bottom line, as Ben puts it: "How much do we benefit the community and how much money do we make?"

The brownies in Chocolate Fudge Brownie are made at Greystone Bakery in Yonkers, New York, which reinvests profits in jobs and training for the homeless. The company buys the berries for Wild Maine Blueberry from the Passamaquoddy Indians to support traditional elements of their economy. The profit from the nut brittle candy in Rainforest Crunch goes to rainforest and environmental preservation.

Next year Ben and Jerry's will open a "school shop" (ice cream parlor) in Harlem, New York, employing homeless people and residents of shelters.

Feeling righteous yet? Try this: last year when cuts in federal support programs to dairy farmers caused milk prices to fall 25 per cent, Ben and Jerry's continued to pay premium prices to its supplier, St Alban's Cooperative Creamery, taking \$500,000 "out of the company's profits, where it doesn't belong, and into farmers' pockets, where it does belong," said Ben. "We refuse to prop up our bottom line with bankrupt family farms."

Ben and Jerry met at school – they were the two fattest boys in gym class. Ben, a college drop-out, and Jerry, twice rejected from medical school, only enrolled in a \$5 correspondence course in ice cream-making when they could not afford the equipment to make their other favourite food – bagels.

They set up shop in a converted garage in Burlington, Vermont, on \$12,000, most of it borrowed, and started delivering throughout the state in a Volkswagen van. By 1981 *Time* magazine was calling Ben and Jerry's the best ice cream in the world, and the strain of success was starting to show.

Jerry quit for three years, saying he would never return and, in 1984, Ben, "having the horrible feeling... that I had become a businessman", almost sold up. He decided to keep Ben and Jerry's "in trust for the community".

A whopping 7.5 per cent of the company's pre-tax profits goes to charity (compared to the average of less than 1 per cent for most US companies) through Ben and Jerry's Foundation. Their ice cream novelty, Peace Pops (ice cream bars dipped in chocolate and nuts), raises money and awareness for the "1 per cent for Peace" organisation, which seeks to redirect 1 per cent of the US defence budget to programmes that promote understanding between nations.

Ben and Jerry's is a groovy place to work, too. Dads get paid paternity leave and there are baby changing tables in the

men's rooms. The most publicised – and problematic – element of Ben and Jerry's employment policy is their limit on executive salaries: the highest-paid employee can only make seven times the lowest wage, which last year meant that the highest wage possible, including benefits, was about \$130,000.

While Ben and Jerry argue that the salary cap ensures executives join the company for the "right" reasons, the policy is unpopular among higher-ups. It has been difficult to keep executives in place – early this year three top-level positions were available.

Ben and Jerry's owns up to its mistakes almost to a fault – its 1991 annual report reads like a confessional. The introduction of Ben and Jerry's Light Ice Cream was a "disaster" – it sold poorly and the company was nailed by the Food and Drug Administration for abusing the term "light": the line has been dropped. The report also admits that factory discharge caused severe water problems in one town. Two of America's leading business magazines, *Fortune* and *Forbes*, have criticised the inconsistency (as they see it) of Ben and Jerry's self-proclaimed social awareness while selling expensive ice cream: "Inner city residents would have to take out a bridge loan to take home a pint," says Forbes.

Ben and Jerry's certainly is expensive – pints cost \$2.50 or more, and cones start at \$1.75 – but then Ben and Jerry have never claimed theirs is an equal-opportunity ice cream. They seem content to be contemporary Robin Hoods, selling pricey products to yuppies and redistributing the proceeds to the less fortunate.

Forbes is also responsible for the rumour that Ben's six-month sabbatical this year is a front – he is really quitting the company to live on a rice and beans in solidarity with the Third World, it says.

The company says Ben will return in September, in time for the introduction of the newest flavour – Wavy Gravy – and that it will be business as usual at Ben and Jerry's.

New York calling

Nicholas Lander meets food chat show host Arthur Schwartz

FRIDAY NOON. Radio WOR New York. Arthur Schwartz introduces his daily show "Food Talk" and within 30 seconds all 14 incoming telephone lines are flashing. On Fridays the programme is devoted to restaurants.

Schwartz begins with two reviews – one laudatory, the other critical – and then answers callers' questions. Line 5 wants a sushi restaurant at a reasonable price, line 3 the best French restaurant on the Upper East Side.

Schwartz then devotes to talk about the pleasures and pitfalls of a truly American phenomenon, all-you-can-eat sushi bars. You must remember, Schwartz counsels, that you are not allowed to eat the fish without the rice and that whatever you leave will be charged at the much higher à la carte prices.

Schwartz's personality and experience are two reasons why his programme has been so successful. Born in Brooklyn, Schwartz ate well and copiously at home thanks to his Jewish mother. When he saw an advertisement for a food editor of a suburban magazine he produced outstanding references from his wife, mother and mother-in-law attesting to the quality of his cooking. Rockefeller, pot roast and chocolate soufflé.

He got the job, eventually becoming food editor of the *New York Daily News*, for which he has been reviewing restaurants for the past 14 years. But Schwartz is modest enough to admit that if he is the right man for the job, the timing of his show could not have been better.

One of the biggest misconceptions that still persists about life in America is that



Arthur Schwartz: confirms the US preoccupation with eating

Americans are not really interested in what they eat. In the mid-west they may still be preoccupied with quantity but there are many Americans on the east or west coast who can talk as passionately and authoritatively about food as any native of Lyons or Bologna.

This was brought home to me four years ago sitting in on another radio chat show, this time hosted by Neri David in San Francisco. A caller phoned to discuss the secrets of

chicken stock. Nothing extraordinary – except that the caller was an 83-year-old woman who had been cooking for the past 60 years and was still trying to perfect her technique.

The American preoccupation with eating has been chronicled by John Mariani in an excellent book entitled *America Eats Out*, William Morrow \$25 (213.50).

And Americans do enjoy eating out. Figures from the American National Restaurant

Association confirm that. The average size of the bill may be small but the spread of tastes is enormous – the biggest growth areas are in pizza, Mexican and Asian restaurants – with much reduced demand for new hamburger restaurants.

Behind these figures there is a development which is adding to the popularity of Schwartz's radio programme.

Americans are becoming increasingly concerned and confused about what they can and cannot eat and which

foods are good for them.

It used to be simple. Now, every week brings conflicting reports about the safety of the meat, the quality of the vegetables and the purity of the waters around the American coasts from which the one food item that was thought to be beyond reproach – fresh fish – is caught.

Although Schwartz has not lacked callers since his programme went on air the most frenetic day he and his assistant, Mary Ann, ever had was when the studio guest was neither a top chef nor a restaurateur but a food storage and safety expert from Cornell University.

In addition to phone calls, Schwartz receives 40 to 50 letters a day from listeners seeking advice and help. It is only the thought of having to reply to all this correspondence which temporarily wipes the permanent smile from his face.

But the final ingredient in the success of Schwartz's programme is the enthusiasm of his regular callers: Louis from Westchester who came third in the Great American Meatloaf cook-off; Mark with a mania for hygiene; and Greg, who collects Japanese cooking knives at \$450 each. Confronted by them, Schwartz knows he has found listeners almost as passionate about food as he is.

Cookery / Philippa Davenport

English-made Caesar salad

I HAVE not yet been to America in the flesh, only in spirit. You may think me medieval for this.

Most of my culinary impressions have been gleaned from films, television and novels. In the Hollywood version, GIs, when not chewing gum, are tucking into or craving Hershey bars, fudge brownies, cheesecake, and Mom's apple pie.

In the deep south they seem to survive on curiously named confections like Mississippi mud, jambalaya, hominy grits, johnny cake and bunny puppies – not forgetting Kentucky fried chicken, of course.

Many American meat dishes sound curiously unappealing: meatloaf, corned beef and hamburgers to name but three. Fish offers more glamour and allure: Grand Central Station

clam chowder, New England crab cakes, oysters Rockefeller and lobster Newberg.

This last, devised by Delmonico's restaurant in Manhattan, was, so the story goes, originally named after a patron called Wenberg. The letters were transcribed at a later date after an exchange of sharp words between patron and restaurateur.

It has been said that two things make American meals stand out from those of other countries. A family dinner customarily begins with a salad, and it is not considered com-

plete without a very serious dessert.

The American tooth seems even sweeter than the British one, which is saying a lot. Their salads often include as much fruit as vegetables, and sometimes the fruit is set in jelly like a nursery pudding of the nastiest sort.

Waldorf salad, on the other hand, is pleasing with its happy marriage of celery, apple and walnuts, while fruitless Caesar salad is particularly appealing.

I confess, though, that rather than serve Caesar salad in its traditional role as a first course, I prefer it as a lunch dish. It makes a good choice for a warm summer's day, needing little more than a bowl of, say, fresh ripe cherries and tawny apricots to follow it.

CAESAR SALAD (serves 4 for lunch or 6-8 as a first course)

In spite of the Roman implications of the name, this is a north American recipe, created in the early 1920s by Caesar



Cardini in his restaurant in Tijuana, Mexico. Many versions of the salad are now in circulation, some quite elaborate, but it began life as a simple affair and that is how I like it. The charm of it lying in its combination of a few very fresh, top quality ingredients: Cos, the best lettuce there is, anointed with an egg-enriched dressing, a savoury grating of genuine Parmigiano-Reggiano and the crunch of good bread fried in good olive oil. Some cooks add snipped

anchovy fillets, a splash of Worcester sauce and other extra flavourings. I find them quite unnecessary. Many use one-minute boiled eggs in the dressing. I have never quite understood why. Such brief immersion in boiling liquid does not cook an egg in the accepted sense; it barely sets a thin outer film of egg white, leaving the rest of the white and the yolk raw and barely warmed. It is really worth effort of getting out an egg boiling pan and setting a timer for this?

A raw egg seems to me as suitable as a semi-raw one for the twin purposes of increasing the food value of the salad and mollifying the lemoniness of the dressing. (Those fearful of salmonella may prefer to omit the egg altogether and up the oil content of the dressing accordingly.)

1½ lb or more Cos lettuce leaves (I use the best inner leaves of 2 large Cos and save the outer parts for making soup or cooking with peas); 5-6

oz good quality slightly stale bread (ciabatta for preference); 1 oz or more freshly grated Parmesan cheese; 2 garlic cloves; 4 tablespoons extra virgin olive oil; 1 egg, at room temperature; 3-4 teaspoons lemon juice.

Wash and dry the Cos and cut or break the leaves into bite size pieces. Dice the bread. Grate the cheese. Slice the garlic thinly.

Put the garlic into a large frying pan together with 4 tablespoons olive oil and place over very low heat. When the oil is very hot and aromatic, remove the frazzled fragments of garlic. Add the diced bread to the pan and turn up the heat a little. Fry, stirring and turning the bread as necessary, until golden and crisp.

Set the pan of croutons to one side while you quickly break the raw egg into a salad bowl. Add the remaining 4 tablespoons of olive oil, the lemon juice, a good scrunch of sea salt and a generous grinding of black pepper. Mix well with a fork.

Add the leaves to the dressing and toss to coat them. Sprinkle on the cheese and mix again lightly. Adjust seasoning to taste. Add the croutons of garlic fried bread, toss briefly and serve straight away.

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BOOKS

Marathon life of a defiant exile

Anthony Curtis on the career of the Bloomsburyite who got away

THE STORY so far, just in case you have forgotten the details: Carrington loved Lytton. Lytton, while tolerating Carrington, loved Ralph. Ralph loved Carrington. In order to remain close to Lytton, Carrington agreed to marry Ralph without being in love with him. Gerald was Ralph's greatest friend after Lytton and like Ralph had fought bravely at the Front in the world war. Ralph, Gerald and Carrington were in a situation similar to that of Jules et Jim and Jeanne Moreau in the film. Their triangle exploded and all but ended the friendship between the two men when Ralph discovered Gerald had been making love to Carrington.

Then Lytton died aged 52 in 1932. Carrington, inconsolable, committed suicide as she had threatened. Ralph married

THE INTERIOR CASTLE: A LIFE OF GERALD BRENAN by Jonathan Gathorne-Hardy

Sinclair-Stevenson £25, 660 pages

Frances, and Gerald went to Yegen in Spain, in the remote then almost inaccessible Alpujarra. He fathered a child, Miranda, by a 15-year-old Spanish peasant-girl, Juanita. Then Gerald married Geraldine Wood, a southern belle with poetic ambitions, who had settled in England and had become the mistress of Llewellyn Powys. She now went to Spain with Gerald, Gerald and Gerald brought up Miranda as their daughter, sent her to boarding school, and then...

But hold on. I am starting to anticipate Jonathan Gathorne-Hardy's highly readable, splendidly complete, marathon life of Gerald Brenan in which these entanglements, some much written about already, starting with Michael Holroyd's life of Lytton Strachey, are seen from a fresh, revealing angle - that of Gerald. From the earlier biographies you might have concluded that Gerald had played only a minor role in the Lytton/Carrington story, but it now becomes clearer than ever before just how crucial his part was.

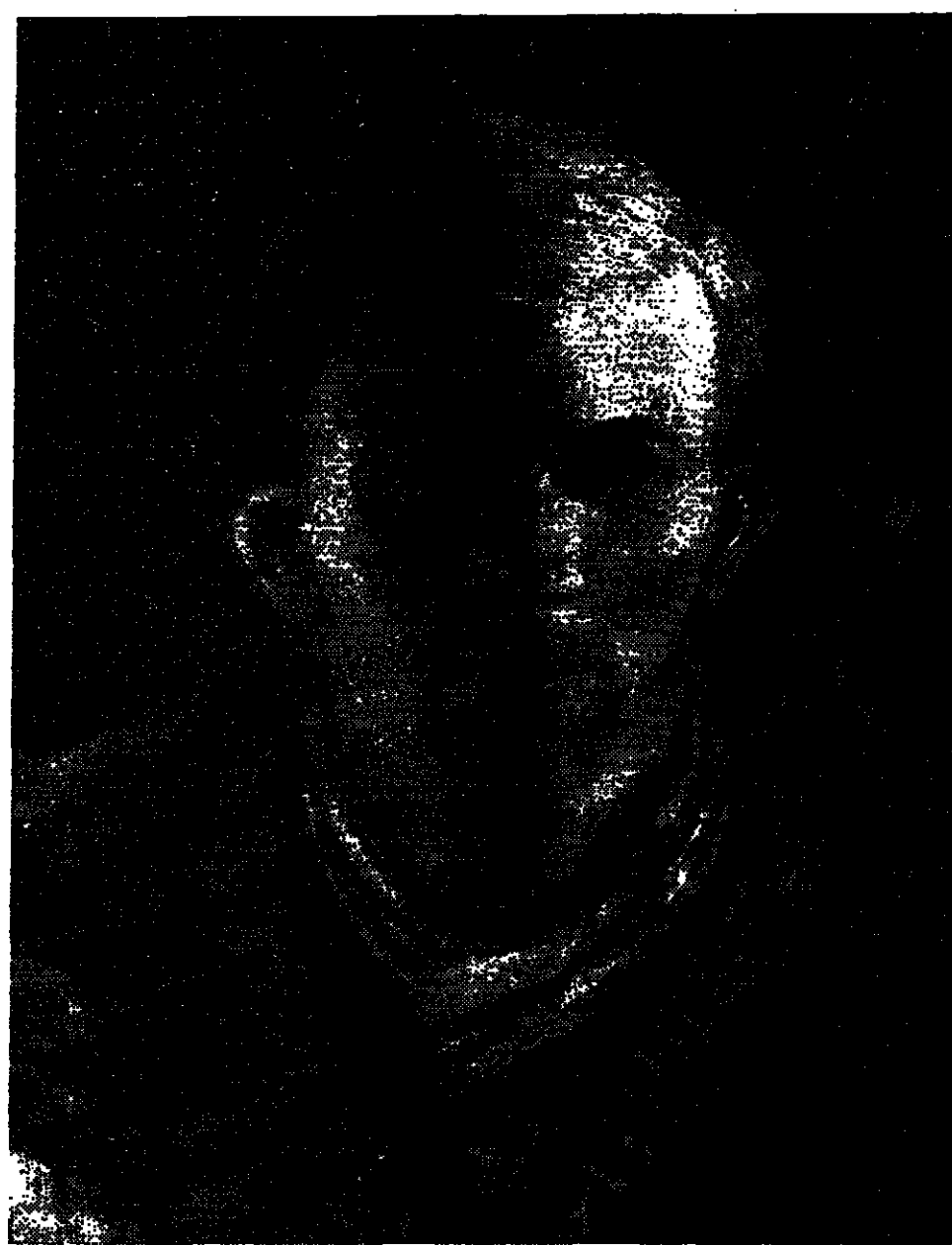
Gerald was formidably equipped with literary gifts

that were slow to mature alongside a combative nature. Throughout his long life he had close friendships with, and influenced, many clever people of later generations as well as making, through his books, a significant contribution to British understanding of Spain. In all Gerald presents a testing challenge to a biographer, and it is one to which Gathorne-Hardy has risen energetically.

The contrast with Lytton, with whom Gerald is sometimes compared on the ground that he did for Spanish literature what Lytton had done in England for French, is extreme. To begin, Gerald lived 40 years longer than Lytton. He died in 1967, just short of his 93rd birthday. Again, Lytton, a homosexual Bloomsbury guru, was by temperament a Cambridge intellectual, an Apostle, a stay-at-home with a Gallic vision - the one occasion when he was persuaded to venture abroad to visit Gerald, described in Gerald's masterpiece, *South From Granada*, was a near-disaster.

By contrast, Gerald managed to combine the life of the mind with a life of adventure and travel. His military father insisted he took the Sandhurst entrance examination after Radley. But Gerald avoided going there by making his first and greatest escape. He left home abruptly one morning aged 18 and set off on a walk across Europe with a friend, Hope-Johnstone, his earliest mentor. It was a crazy thing to do, but it set the pattern of his life, one of defiant exile. Then and later, it was, financially, a precarious existence subsidised by borrowing and sponging. Gerald persuaded a rich aunt to make him a regular allowance on which he lived for many years.

In 1914 he joined the army he had so recently avoided. He became an infantry officer, an observer on the Somme, and was awarded the Military Cross. It was the only time Gerald had a regular job. After the first war Gerald's life divides into long periods of residence in Spain broken by short periods of return to rural England. Gerald spent most of his life pursuing women while simultaneously educating himself by reading voraciously in various literatures. He always wanted to be a poet and continued to write poetry into old age. He was at the same time full of plans for prose-books,



Gerald Brenan, by Dora Carrington, c. 1921

novels, biographies and cultural histories, some of which took years to mature, others were half-written and jettisoned.

The fact that he did not publish much till late in life - his reputation as a writer was only really secure in 1951 after the appearance of *The Literature of the Spanish People* - means that Gathorne-Hardy is able to concentrate on the inner man for long stretches. As his title, *The Interior Castle*, implies, Gerald pulled up the drawbridge on his true self even more firmly than most writers, and Gathorne-Hardy ruthlessly prisms it open.

The attachment to women began early in classic public school style with an infant pass at his nanny. Gathorne-Hardy published an authoritative history of the Nanny in 1973 and therefore deserves to be headed when he claims it may have been a voyage of discovery in bed with his Nanny that started Gerald off on a long series of attachments to women of the lower classes.

At any rate, childhood left Gerald with a strong voyeur instinct that he went to excessive lengths to satisfy in later

life, taking a powerful telescope with him on his country rambles. Confession of sexual longings as well as of impotence are a feature of the innumerable letters he wrote to friends like Ralph and Frances Partridge, David Garnett, Sir Victor Gollancz, Gathorne-Hardy suggests that it may ultimately be as a letter-writer that Gerald will be best remembered.

Fortunately the marriage to Gerald, both of them writing and translating in their Spanish home near Malaga, worked well for many years. They were there when the Civil War started. In an effort to understand what was happening Gerald then began work on one of his finest books, *The Spanish Labyrinth*.

Gerald's sexual drive lasted well into old age. He developed a brief - unfulfilled - incestuous passion for his daughter Miranda. After she was whisked away and safely married to a French doctor, Gerald suffered another seismic sexual upheaval through the appearance of a new-generation Carrington, Joanna, daughter of Carrington's brother Noel. After she had left, he

installed other girl-friends to help him with his work, to the chagrin of Gerald. Shortly after her death from cancer we find Gerald, now a chirpy 74, setting up house with Lynda, a pretty woman in her late twenties, with whom he is writing a biography of St John of the Cross. She continues to be his companion and minder for the next 16 years, even after her own marriage. We have here an account of a household consisting of her, her Swedish artist-husband Lars, her two children and Gerald, a ménage as extraordinary in its way as anything chez Lytton and Carrington.

We also have some pleasant close-ups during this period of Gerald delighting his friends in bookish talk, vying with the likes of Cyril Connolly. Gathorne-Hardy himself enters the picture at this point as a well-known guest of Gerald and Lynda's. But these occasional personal memories, often confined to footnotes of which Gathorne-Hardy is obsessively fond, do not impair the writer's detachment in this rich portrait of a madly intelligent, brilliantly courageous, literary man.

Ammunition for the anti-intellectuals

WHEN OXFORD'S Merton Professor of English castigates the "literary intelligentsia" for being hostile to "the masses" it is a spectacular case of a bound running with the hares. John Carey is the Merton Professor in question, and he has successfully employed a formula used by tabloid journalists: catch someone famous doing something compromising and publicise the fact, applying large doses of moral outrage in the process. A number of 20th century intellectual heroes have said snobbish and nasty things about people in the mass. Carey has caught them at it: his book is devoted to exposing them.

The intellectuals' sin, according to Carey, is that they not only disdain mass culture but hate the masses themselves. To protect high culture from the pollution of popular acceptance intellectuals make their work too difficult for the masses to understand, thus marginalising and excluding them.

Carey's thesis is that intellectuals feel threatened by mass culture. The threat started with increased literacy in the 19th century, and expressed itself in new popular media like the tabloid press. Population explosion, rapid growth of cities, tabloid journalism, trivial and vulgar pursuits indulged in en masse (foot-ball crowds, packed beaches) filled the intelligentsia with revulsion, says Carey, and they invented a conceptual idiom aimed at keeping the mobs at bay, namely Modernism; a family of difficult, abstract literary and artistic styles.

And some intellectuals did not stop there: they began to hypothesise ways of limiting or even eliminating the encroaching masses. D.H. Lawrence wished he had the use of a "lethal chamber" as big as the

Crystal Palace; Rayner Heppenstall dreamed of "total genocide" of the Irish and Arabs at the push of a button; Nietzsche proclaimed that higher men must declare war on the "the superfluous" to defend against their engulfing mediocrity. The 20th century did not have to wait long for a fairy-godfather to grant these wishes.

By copious quotation Carey offers a depressing picture of elitism and cultural bigotry. His book will furnish much ammunition to the already large anti-intellectual majority in the English-speaking world. And that is a pity, for his argument is too flawed and deeply tendentious to be taken seriously.

THE INTELLECTUALS AND THE MASSES by John Carey

Faber £14.99, 246 pages

ment is too flawed and deeply tendentious to be taken seriously.

First, it is striking that the cases Carey quotes form a very biased sample. It is well understood that Lawrence, Pound, Yeats, Leavis, Heppenstall and several others of Carey's stamp held social and political opinions which make Genghis Khan seem moderate. Carey tells us that, for example, Heppenstall fulminated against the welfare state, trades unions, coloured immigrants, new universities and the working class. Practically all right-wing politicians do the same, relatively few of whom can be described as intellectuals, so it is hard to see how Carey's are especially representative of intellectuals.

Had Carey mentioned others in the intellectual community, like Bertrand Russell, the Webbs, Keynes, Wilfred Owen and other war poets, and had he been more discriminating about E.M. Forster, and more

sensitive to the attitudes of gay and women writers like Auden and Katherine Mansfield, who knew what it was like to be members of excluded groups, he would find that his group of star nasties is markedly unrepresentative.

Carey is not over-burdened by a sense of logic, and effects some spectacular inferences. H.C. Wells was worried about the population explosion, and deplored the haphazard pre-war growth of towns into the countryside. Both are laudable concerns, yet Carey treats them as evidence that Wells hated the masses. This is quite a jump. Carey seems unable to distinguish two things: views about what mass culture sometimes does, and views about individuals threatened with harm by mass culture.

He would have been equipped to do so if he had read Harry Payne's *The Philosophies and the People*, which discusses the same question in an 18th-century setting. Payne shows that most thinkers were concerned to liberate people from the tyrannies of ignorance and cheap sentiment. Modern writers like Wells and Orwell were similarly worried about some aspects of mass culture preventing people from thinking for themselves, and attacked it accordingly. This is not at all the same as disdaining the individuals who suffer the impoverishing effects of mass culture. Carey simply fails to see this.

Indeed Carey never once asks whether some of the intellectuals' complaints are justified. Is it not deplorable that the intellectual staple of many is an endless diet of television soaps, the *Star* newspaper and royal scandals? Does Carey wish us to think otherwise? If so, that is treason by a clerk indeed.

A.C. Grayling

Confusion of war

WOMEN make different sorts of wartime heroes from men. Instead of going over the top waving a flag (although doubtless they could do this if necessary), they triumph over the subtle terror of life behind the lines. This is the theme of Christian von Krockow as he records, in the voice of his sister, Libussa, her hair-raising years in the remote eastern provinces of Germany as the Third Reich is swept away by the approaching Russian army.

The book does not dwell on horror stories but one paragraph will demonstrate the background to Libussa's struggle: "We received more and more grim tidings. Many people had actually carried out what we had planned to do: they escaped the brutality of the conquerors by shooting or hanging themselves. Others took poison, like the surgeon from Stolp - and many other doctors... Many, indeed more than many, people were murdered, and many were taken away, never to be seen again. Sometimes we could hardly believe our ears: an elderly couple were chased into the village pond and forced to stay there until they drowned in the icy water... The proprietor of the Grunbrow estate, Herr von Livonius, had his arms and legs lashed off and was thrown, still alive, to the pigs."

The reason that Libussa does not agree to commit suicide as planned for the family by her mother and her stepfather, Count von Krockow, is that in

1945 she is eight months pregnant. She is prepared to kill herself but not her baby. Instead she and her remarkable mother, a Pomeranian aristocrat who takes to stealing wood and chickens with dignity as well as courage, see to it that the family can eat.

As a blueprint for survival, Libussa's behaviour teaches one powerful lesson: always take action, never remain passive. Time after time it is her decisiveness and energy which save her from the enemy. It is

those who least deserve it. After the Russians came the even more hated Poles who were to be the new owners of the von Krockow land. Nevertheless the message, delivered finally by Christian in his own words, is that the wartime boundaries must be honoured by all races. Too much time has passed to retain old hatred. "If we really love our children and our grandchildren, we must do everything in our power to save them from the horrors we once experienced." It is this spirit of reconciliation which infuses the book and makes it at heart not a horror story but a testimony to magnificent human qualities.

It is probably unfair to read Christabel Bielenberg's *The Road Ahead* immediately after a book describing life lived at the edges. The first part of Mrs Bielenberg's autobiography, *The Past is Myself*, was itself set in wartime Germany and told of an Englishwoman's extraordinary experience married to a German during that terrible period. Rightly, it became a best seller. This second volume is a quieter affair altogether, as peace unravels fear and the Bielenbergs plan a new life in Ireland.

Irony and well written, her book describes their problems as novice farmers when the enemy no longer comes in Nazi uniform but wears a woolly coat and has a way of escaping to the far horizon. Gradually her story turns into a comfortable family saga.

Rachel Billington

THE HOUR OF THE WOMEN by Christian von Krockow

Faber £14.99, 212 pages

THE ROAD AHEAD by Christabel Bielenberg

Bantam £14.99, 196 pages

not just the simple physical bravery of, for example, returning day after day to the guarded ruins of their estate to steal from the garden, but making the decision to climb out of a shed where she is being held in company with many others. That night, hidden in the burnt-out remains of a German tank she listens to the screams of her fellow who did not have the courage to follow her.

As a history book, *The Hour of the Women* illustrates only too vividly the confusion of war which brings violence to

Demise of a shady genius

CHRISTOPHER Marlowe's end offers an inviting subject for inventive speculation. Here the author admits candidly that his is "an attempt to fill in with probabilities and speculations" and sometimes with guesswork. I am not telling a story but presenting a complex and rather painstaking argument.

Painstaking, certainly. An historian of the period can agree that the author has done his homework well, has pursued the careers of the poet's shady companions into the underground, and come up with some new facts concerning them, for what that is worth.

The title of the book refers to the dispute and scuffle at table over "reckoning", according to the coroner's inquest over Marlowe's body. William Shakespeare knew how he came by his end and used the same word in his reference to it in *As You Like It*. But was it "murder", as this enthusiastic explorer of the background has

it in his subtitle - and as he implies all the way through - "the killing" of Marlowe, "the stabbing", as if it were intended? "We arrive at a conspiracy", etc. Nobody thought so at the time.

Dr William Curry, who knew more about Marlowe and his Canterbury background than anybody, went through the jurors at the inquest with a

wrested it out of his hands with a blow which, alas, killed him.

There was nothing mysterious about it. Many people knew what Marlowe was like. He had been involved in affairs before, and knifings - in one of which somebody else was killed. We learn that he was "given to sudden privy injuries to men" - quick on the draw, as we would say.

Marlowe was known to be an unstable, questionable personality, not only devoutly homosexual but - what was more dangerous - aggressively undevout about religion. He was in every way heterodox, rebellious against convention. People called him an "atheist"; actually he was an intellectual dilette, who had no use for conventional religion.

The one thing that remains important to us now is his talent: the greatest loss our literature ever suffered.

A.L. Rowse

THE RECKONING by Charles Nicholl

Cope £19.99, 413 pages

tooth-comb. He found what a respectable body of citizens they were, perfectly satisfied with the evidence as to what happened that deplorable day in May 1593 in Eleanor Bull's house at Deptford. Marlowe and his companions had been there all day, eating and drinking. At the end of the day there was a dispute over the reckoning. From lying on a couch Marlowe aimed a blow with his dagger at Ingram Frizer, who

An elegant record of dangerous living

UNLIKE most Indians, the Nehrus were great preservers of paper. That such a large number of the pre-1947 letters have survived is indeed fortunate - some were lost in police raids on the Nehru household in Allahabad, but the bulk survived. The present volume is a sequel to *Freedom's Daughter*, published in 1989. In both, we get rare insights into deep family bonds and commitments. Sonia Gandhi has skilfully and lovingly put together a unique correspondence recording the public and private lives of two remarkable people.

Nehru wrote elegantly and stylishly. Even when he was being didactic he was never dull or dreary. Indira Nehru (as she was till 1942) inherited from her father a profound respect for books. She was exceptionally well read. Like

her father she was a lover of words and phrases, a great stickler for grammar and syntax. Her style was less introspective but more trenchant. It evolved over the years and acquired a pace, tone, rhythm and voice all its own.

At the end of *Freedom's Daughter* we left Indira ill in a sanatorium in Switzerland, mostly confined to bed. She had pleurisy, was 42, lonely and depressed. It was war time. Mail was disrupted; letters took weeks to arrive. She greatly missed books and asked for some. Nehru, who was then out of prison, sent her books and observed "to suffer from lack of books and papers is something that never struck me. I know well how I would feel if I had no books, but I could bear almost anything but that."

Then we come across an amazingly candid letter from

Nehru, who at this time was in one of his, to borrow Churchill's phrase, "black dog" moods. On March 11, 1940 he wrote: "Public and private life act and react on each other."

TWO ALONE, TWO TOGETHER: LETTERS BETWEEN INDIRA GANDHI AND JAWAHARLAL NEHRU, 1940-1964

edited by Sonia Gandhi

Hodder & Stoughton £30, 697 pages

and this sense of failure has pursued me in almost all I do. With this lack of faith in myself, how can I advise anyone? What right do I have to interfere in another's life? I have not made my own a brilliant success and all my good intentions, or so I imagined they were, have not prevented

me often from making a mess of things... Seven years later he was Prime Minister.

Indira Gandhi recovered and returned to India; Nehru was back in prison. Their first meeting did not go well and caused Nehru much anguish.

The crisis was obviously serious. Daughter to Father from the Himalayan hill station, Mussoorie: "I am in the throes of remorse and regret... Is it any use saying forgive me? I can only hope and pray that this will be a lesson for me to be less stubborn... And so the erring child asks for forgiveness, and asks too that you believe her when she says that she loves you... Tous les jours je t'aime davantage, aujourd'hui plus qu'hier et moi-même."

Next we have wonderful letters prior to and following Rajiv Gandhi's birth in 1944. Nehru was again in jail. Then came independence in

1947. Inevitably this brought vast changes in the lives of the family. The rebel and the non-violent revolutionary became the ruler and the reformer, the agitator the administrator.

These letters bring back the memories and turn of mind of a bygone era and a lost way of life. Their tone is so civilised, the approach to life so daring at one level, so restrained at the other. And what is so appealing is that politics does not consume their entire lives.

Literature, poetry, love of beauty and nature, travel, photography, a zest for life in the most adverse circumstances, mark them out as exceptional people. These are not dreary, dismal, self-pitying, one-dimensional, professional politicians, but sensitive and beautiful human beings, who like to live dangerously.

K. Natwar-Singh

ian retreat and took him through a radical cure that has brought him back to life.

Wouldn't it be nice? is a morbidly fascinating read, especially the early sections, with their blend of the American Dream of rock stardom and the American Nightmare of the fractured family. Where the book proves far less interesting is in its later chapters, which deal with Wilson's recovery and the incessant squabbles between The Beach Boys and Dr Landy. Though Wilson had some mighty battles to fight in order to save his mind and his life, you cannot help but wish that he would seem more aware that, unlike most troubled souls, he was able to face his demons at an idyllic Hawaiian retreat surrounded by a squad of psychologists, nutritionists and personal trainers with a half-million dollar budget.

The low point came in 1982 when the rest of The Beach Boys, who had started out as little more than a backing band for Brian, fired him from the group. Rock martyrdom was avoided with the intercession of Dr Eugene Landy, an unorthodox psychologist who bundled Wilson off to a Hawai-

terms of mental illness and substance abuse that were to plague his later years had already been established. To make matters worse, rock changed, with psychedelia and R&B swamping the surfing sound. Wilson tried to keep up, but then went into a creative and personal slump that saw him at one point spend almost three years in bed, ballooning up to 340 pounds and suffering from schizophrenia intensified by massive drug use.

Stephen Amidon

Beach boy troubles

WITH SOME rock musicians, you can hear their doom in the music. Janis Joplin's voice, Keith Moon's drumming, Jimi Hendrix's guitar - self-destruction provided them with a steady back beat. There is very little such evidence in Brian Wilson's work although, as his autobiography proves, the founder and creative force behind the Beach Boys has led a tortured existence of drug use, schizophrenia and legal

tangles that belies his music's resolute sunniness.

Wilson, born in 1942, was raised in a modest L.A. suburb, the sort of place that provided legions of well-scrubbed teenagers for the early years of rock 'n' roll. His childhood, however, was anything but sunshine and the girl next door. His father was a bitter, failed musician who abused Wilson horribly; not surprisingly, the boy became moody and withdrawn, his only solace coming from the family piano.

In 1961 he organised his brothers Carl and Dennis, cousin Mike Love and friend Al Jardine into the band that was to be The Beach Boys. They seemed to be going nowhere until it was suggested that Brian, who hated the ocean and did not even have a driv-

er's licence, focus his already prodigious talents on the teen fads of surfing and hot rod-ding. His next effort, written when he was 19, charted. The rest, as they say, is history. A

WOULDN'T IT BE NICE? MY OWN STORY by Brian Wilson

Bloomsbury £17.99, 390 pages

string of singles like "Help Me Rhonda" and "I Get Around" broke all sorts of sales figures. By the time he was 24, with the *Pets Sounds* album, the group's best, Wilson had earned his place as one of the most prodigiously talented writers and producers of the rock era.

All was not sweetness and light, however, and the pat-

STANLEY OLIVER IN NEW YORK (APRIL 22/29 1992) Thanks the Open Window Theatre for readings of his POETRY (The Riverside Collection) - published by The Book Guild Ltd and his PLAY ('Vincent' - Vincent van Gogh).

ARTS

The forgotten Impressionist

The RA is holding the first major retrospective of Sisley's work. Faith Glasgow reports

THE IMPRESSIONISTS have basked in popularity in recent years. The record-breaking attendance of the Royal Academy's *Monet in the 90s* exhibition, for instance, saw well over half a million visitors shuffle through the galleries in the autumn of 1990.

Yet Alfred Sisley has been bypassed. With Monet, Renoir and Pissarro, he founded the Impressionist movement, and of them all he clung most unwaveringly to its original principles in his landscapes, but has been overshadowed by the others.

This month the Royal Academy is mounting the first major retrospective of his work since his death in 1899, and two books on the artist have been published to coincide with it. But why has Sisley been relatively overlooked for so long? Vivienne Coultrey, in her book *Alfred Sisley: the English Impressionist*, offers the provocative suggestion that

his dual nationality worked against him. He was born in France and spent his life there, yet his parents were English; maybe he was looked upon as an English landscape painter by the French, but never became a familiar name in England during his lifetime because he was so rarely there.

Well, maybe. Although Sisley was described as "essentially French in his manners, tastes and ideas" by his contemporary, the art critic Theodore Duret, overtones of the English landscape tradition – particularly that of Constable – percolate through his work. Like Constable, Sisley was interested in exploring and mapping out a location through his paintings, producing whole series of local views in his search to capture the spirit of a place.

But no direct reference to Constable has been found, and the curator of the exhibition Mary Anne Stevens stresses that "we have to be tentative in drawing such inferences." Delacroix, Millet,

Rousseau, Courbet, and – in Coultrey's view most importantly – Jean-Baptiste Corot were the influences Sisley himself cited at the end of his life.

However, his relative obscurity probably hinged more on other, less oblique factors than a crisis of nationality. The whole group suffered years of implacable hostility from the Paris art establishment; but Monet and Renoir had come into their own by the 1880s, vigorously cultivating a network of dealers prepared to show their work. By then, though, Sisley was not there on the front line. He became increasingly reclusive through the 1890s and 1890s, setting away from Paris in Moret-sur-Loing and apparently resigning himself, in Pissarro's sad words of his own similar prospects, to "remain at the end of the Impressionist line."

But it was not simply a case of not being in the right place at the right time. Unlike the others, he did not stray from the path of pure Impressionism

which they had all trodden together in the 1870s. Sisley, though, did not deviate. Until the end of his life he continued to produce landscapes, working directly and almost exclusively from the motif (unlike Monet, for example, whose paintings show evidence of much subsequent tinkering in the studio). His finest paintings are sensitive, tranquil, understated records of local landscape, in which figures take a back seat to the elements of nature he loved to paint – skies, water, snow scenes. Attractive, easy on the eye, without doubt; but in Stevens' words, "not as aggressive, tough, or visually irresistible" as the work of the other Impressionists. And Sisley's character, like his art, was not that of a trail-blazer. "Sisley's gift was gentleness... he was a delightful human being," reported Renoir. But his modest and charming nature in itself probably worked against the recognition he sought, especially as he grew older and more withdrawn in the face of continued lack of response to his work. Self-promotion did not come naturally.

Indeed, perhaps the principle reason for Sisley's low profile to date has been the lack of information on his career or personal life. He left only a paltry collection of uninformative notes, most being requests for money to the art dealer Paul Durand-Ruel, who supported him financially for much of his impoverished existence. He did not keep a diary; nor are there many illuminating eyewitness accounts of his public life.

He always seemed rather a gray figure in comparison with the others of his time," says Mary Anne Stevens, "so putting the exhibition together has been a revelatory learning process," involving a great deal of original research.

The exhibition may well catch the imagination of the public if so, it should go some way towards putting right the injustice that Monet recognised in his old age after many years of public and establishment scorn: "Three of us – Degas, Renoir and I, have had our revenge. We can say we have had a happy life. The others died too young. Sisley (was) misunderstood."

The Royal Academy's exhibition, which will be reviewed by William Packer on Tuesday, runs July 3-October 16; the accompanying catalogue, published by Yale University Press, costs £35 (hardback) or £18.95 (paper). Vivienne Coultrey, *Alfred Sisley, The English Impressionist*, is published by David & Charles at £40.



"Ferry of the Ile de la Loge, Flood", 1872, by Alfred Sisley

WHEN A man reaches 50, he has a decade or so to go before the gold watch and carpet slippers. When a movie reaches 50 and people still watch it, it has transcended age and found immortality. New genre screens will pour into cinemas to gaze at that accident of nature called a Hollywood classic.

Why are such films accidents? Because no single mind designed them. *Casablanca* is one of those multi-author lucky strikes, like *Gone With the Wind* and *The Wizard of Oz* and *Singin' in the Rain*, which pour scorn on the long-established and increasingly discredited Auteur Theory. Who could possibly be the "author" of a movie with two directors, one quarrelsome and capricious producer (Selznick) and unrepentant indecisions of casting (*Gone With the Wind*)? Or of a film with nine screenwriters and four directors (*The Wizard of Oz*)? Or of a screen musical whose two writers and two directors were told to string a light comedy plot around a bunch of pre-existing, never-popular-before songs (*Singin' in the Rain*)?

But the granddaddy of all Hollywood's accidents of nature must be *Casablanca*, which returns to our screens next July 25. The new print, especially struck for the film's 50th anniversary, is a re-researched *Casablanca* for a radio programme. As if I were not in love with it already I fell in love again on realising the utter mayhem of its genesis. It confirmed my deeply-held creed – I was born and shall die an anti-auteurist

Chaos and Casablanca

– that great popular cinema is too complex to be devised by any one human agent, only by the girl Mona of the screenwriters still living.

Poring over Warner's Studio files in the University of Southern California, I learned that *Casablanca* originated in an unproduced play; that it was at first considered quite unfilmable; that its makers had a chronic attack of political nerves as they wondered whether the film should be nice to the Nazis (pre-Pearl Harbour) or nasty (after); and that it went through agonies of casting unrivalled since *GWTW*.

George Raft was first choice for the Bogart role. Ronald Reagan might have played Paul Henreid's freedom fighter. (Connoisseurs of prophetic lexical coincidence will note that *Casablanca* is Spanish for White House). And Ann Sheridan came within a coat of nail-varnish of playing the heroine, who was then called "Lois" and was a low-life broad who had two-timed Rick back in Paris. When Bergman moved in, the Swedish actress changed the heroine's name, history and character. As Lisa and Lizabeth, she and Henreid could wait clouds of dignified Euro-provenance into the film while Bogart growled away as Our Man in the Casbah.

The blessed accidents multiplied. No one knew how the film would end till the day came to shoot the last scene;

though Henreid later claimed he had it written in his contract that he would keep the girl. None of the screenwriters still living remembers who wrote any of the famous lines: the ones about gin joints, hills of beans and rounding up the usual suspects. Best of all to the collector of Chaos Theory

Second choice: Humphrey Bogart in *Casablanca*

memorabilia is the revelation that Dooley Wilson's Sam, the "Play it again" fan, might have been a Samantha. Ella Fitzgerald was the early favourite for the role.

Even the song "As Time Goes By", a good decade old even when the film was made, was under threat. It was a non-favourite with Warner's composer Max Steiner, who wanted to throw it out and compose

something fresh himself. He knew all about royalties.

In short, chaos. But does anyone still believe that popular American films are made any other way? Years of burrowing into archives have taught me that intentionalism has no place in Hollywood cinema. Let me illustrate by a story each from the films I rank alongside *Casablanca* as the great celluloid flukes.

In *The Wizard of Oz* Buddy Ebsen would have played the Tin Man if he had not contracted aluminium poisoning and been rushed to hospital after his first make-up trial. The role went to Jack Haley. Ebsen, whose gauging dance style was more individual than Haley's, might have radically changed the balance of the supporting cast. (Ebsen, though, has had the last laugh: he is still alive today when everyone who had a major speaking or singing role in *The Wizard* film is dead.)

In *Gone With the Wind* the homosexual director George Cukor, who began the movie, would have completed it if Clark Gable had not had an attack of homophobia and referred to the director as "that fairy." Exit Cukor: enter Victor Fleming, who came to *GWTW* after cutting short his work on a previous project. Which was? *The Wizard of Oz*. In *Singin' in the Rain* the rain-swept title number, guaranteed to give the performer a cold or flu, was performed by a man who had

both already. Gene Kelly was running a temperature of 100 as he danced under an acre of black tarpaulin while the soundstage faucets spouted on and off at the whim of a water-pressure crisis caused by an L.A. dry spell.

There is, of course, a difference between the fundamental anarchy of cast changes, script changes or director changes and the minor shambles of a great dancer-singer with the flu. But the point is the same: chaos is the natural state in which a multi-collaborative art like cinema, especially Hollywood cinema, operates. What guides a popular movie project towards greatness is not the "single hand on the tiller" beloved by auteur theorists but the convergence of happy accidents. Even Kelly's flu in *Singin' in the Rain* is a *felix culpa*. It surely helped to define and refine that head-cold voice which was born to warble under a downpour.

As for *Casablanca*, the guiding hand was not director Michael Curtiz nor producer Hal Wallis nor any of the conveyor-belt scenarists rolled in and out of the studio's famous Writers' Block. It was the snowballing effect of a runaway Kismet. Set a promising story on the right slope, make sure that on its downhill run it bumps over a good selection of stars, script-lines and subplots, and you have a chance in a thousand that it will become a popular perennial. No more precise prescription is possible. The rest is up to the great mogul in the skies.

Nigel Andrews

Abstracts from the scrap-heap

William Packer reviews Janet Nathan and other constructivist exhibitions

JANET Nathan is an artist who makes reliefs. Is she a sculptor turned painter, or painter become sculptor? And is what she makes an image or an object? Has she moved from the imagined and internal pictorial space and the single point of view that it commands, to the object celebrated for itself in the physical world, or the other way about? Is her work representational or abstract?

To ask such questions is only to confirm her contrariness. Her material is what she finds on the scrap-heap or in the skip, for the most part scrap wood with occasional bits of metal. Yet this is no absolute dependency, nor any fixed rule, for she has always been prepared to contrive the particular element if none comes to hand, or to modify or distress it as needed by painting or polishing or scraping it down. And nowadays she almost always uses synthetic resins, most artificial and contrived of all, light and translucent, by which to fill the amorphous, organic spaces left within the composition.

As these reliefs have become more worked and contrived, so they have become at once more dense and physical, and more pictorial. That is not to say that they are descriptive pieces, in any sense objectively observed, but rather that the associative and symbolic qualities of abstract images and formal composition are readily accepted. The ever-present disc, red, blue or whatever, must stand for sun or moon; the insistent horizontal device soon becomes itself the true horizon; the repeated serpentine or cursive profile can sug-

gest the ebb and flow of water. The landscape connotation, the particular watery landscape of marsh and estuary, is inescapable. "Saltfleet", "Naze", "Whisper Creek": the titles tell their own story. And yet abstract they remain, objects hanging on the wall, confident and authoritative in their presence, and beautifully made. The contradiction is all.

The same contradiction is nicely pointed in its historic context by the *Non-Objective World* at Kettle's Yard, Cambridge. The material in every sense was to be used only in its proper quality: line as line, colour as colour, form as form, stuff as stuff, and Miss Nathan's constructivist credentials, through the romantic, intuitive line of Kurt Schwitters and his colleagues and *merchandise* are sound enough. And yet how delicate and physical, how imaginatively particular and free, how unschematic these things are, by Mondrian and van der Leek, Malevich and Kupka, Arp and Hepworth, for all their principles. The imaginative possibilities come flooding in.

Over these past 20 years or more, Annelly Juda's main summer offering at her London gallery has been a substantial study of this material in one or other of its aspects. Indeed she set the critical debate at a time when early 20th century abstraction, and constructivism in particular, was far from fashionable, and has seen her acuity and judgment confirmed a hundredfold. London has been spoilt too long, and it is only right that this year the country at large should benefit by this touring show, which Mrs Juda has herself selected.

A short walk away, at Jesus College, the present Master, Colin Renfrew, with the full support of his Fellows, has again brought a selection of contemporary British sculpture into the college gardens. This has become a biennial exercise, now celebrated for the third time, and is unique in our universities. The opportunity is patent, the lack of emulation by other colleges sadly no surprise, yet Jesus deserves perhaps even more congratulation in the event than for its splendid initiative. This was from the first a serious business, the artists carefully chosen and invited to work to a particular site, even to make the piece within the college. So a Gormy figure now lurks beneath the great tree in the Fellows' Garden, a Long slate circle fills a cloister, a Mach assemblage plays music to itself in its ancient corner. Michael Archer, Richard Bray, Diane Maclean and Nina Saunders are the other artists. A Flanagan horse was acquired from the first exhibition, a small totem by William Turnbull from the second. In this respect too, the intention is to continue.

Janet Nathan - *Constructivism*: The gallery at John Jones, Unit 4, Morris Place, Finsbury Park N4, until July 25. *The Non-Objective World*: Kettle's Yard, Castle Street, Cambridge, until July 19 - then on to Swansea, Liverpool and Kendal: a South Bank Touring Exhibition sponsored by British Telecom. *Sculpture in the Close*: Jesus College, Cambridge, until August 1.

Video

Laying the ghosts of the past

YES, IT is American Independence Day. But will America ever be independent of its past? In an intriguing new book by Dr Gertrude B. Atavus called *America and Its Ghosts* (Princeton Press), the author suggests that the closer America comes to the millennium – only 74 years to go – the further back American culture will continue to reach in order to lay the ghosts of the country's historical past. It is fascinating, in this light, to browse through July's movies on video. Robert Benton's *Billy Bathgate* performs exorcism rites over the golden age of gangsterdom with Dustin Hoffman as a barking mad Dutch Schultz in this intermittently stylish adaptation of E.L. Doctorow's novel. Mike Figgis's moody thriller *Leviathan* is about a haunted small-town department store and the spooks of a long-ago sexual scandal and murder. In *For The Boys* Bettie Midler and James Caan are a song-and-dance team tramping through

US history from the Second World War to the present day. And Sean Penn's film-making debut *The Indian Runner* is the powerful tale of a good and a bad brother (David Morse, Viggo Mortensen) haunted by a past that ranges from ancestral Indian memories to Vietnam. Penn's film, the best of the bunch, shatters silence those who regard him merely as an ex-Madonna appendage with a talent for delinquency. *The Indian Runner* has its share of mumbled dialogue and crumbling structure. But it is also vividly believable. This is a back-of-beyond town sighing with recessionary despair and prairie winds: a place where the oldies (Sandy Dennis as the mother) deal out wisdom they do not believe, while the youngsters seek the point where the new America started to grow away from the old.

No art has more facility than cinema in dealing with the past. It combines the expositional fluidity of literature with the emotional immediacy of music. It presents dream, memory and reality alike as a tactile continuous present. If you were to devote your viewing month to one film only, it should be to Andrei Tarkovsky's *Nostalgia* (Artificial Eye). The writer hero (Oleg Yankovsky) is a Russian self-exiled in Italy, as Tarkovsky himself was at the time. Through landscapes brittle with ruin, he wanders, remembers, dreams; he yearns for his family and homeland; and he performs surreal acts of faith as in the extraordinary sequence of his walking across an abandoned hotel spa pool with a guttering candle that must stay alight. This is a candidate for my favourite scene in modern cinema. You can detect the actor's

own nervousness as Tarkovsky, unseen and unheard, demands that he enact the impossible. As the minutes tick on, the flickering candle grows from a single, potentially glib emblem of human faith into a hypnotic dramatic and symbolic epicure.

In a Hollywood-dominated age, serious world cinema has too long played Cinderella to the seven ugly sisters (Columbia, Paramount, 20th Century Fox and Co). How good, then, to hear that the British Film Institute in collaboration with Piper-Heidsieck Champagne is about to launch on video a Classic Film Collection. The aim, they announce, is "to increase access to the best of world cinema by creating new prints in pristine condition, available for authorised screenings."

Two hundred films are planned for release over four years and the first three "seasons" will consist of British Hitchcock, Early Kurosawa and The Freed Unit (alias the vintage MGM musicals made under music chief Arthur Freed).

The good news here is not just that these classics will be available – some are already – but that they will be restored and spring-cleaned. As all devout home viewers know, we are prone to the suspicion each time we take out a video that we are seeing the worst run-off of the worst copy of the worst print in history. Often this is true, and it is no way to respect the cinema's past. As Dr Gertrude B. Atavus says in her book "The past is not a mere prefix to the present, dusty and disposable, but a living part of its syntax, significance and sensory system."

Nigel Andrews

Radio

No dramatic change

and the later arrests, and Radio 4 did well to produce the programme as soon as they did. In older days, the script could have been broadcast live only a few days after it was written. Can that not be done now, for such commentaries on current affairs?

Surprisingly, I found *The Thirty-nine Steps* (Radio 4, Monday), less entertaining than *Wichwood* last week. The snag is that Buchan's story clings so closely to Richard Hannay that Peter Buchan's adaptation suggested too often a reading from the novel. There was a lot of action, but reported rather than represented. Hannay, in flight from an expected charge of murder, twice takes an express train, once a small local; he steals a guinea motor-car and crashes

it; but we only know because he tells us.

Impersonated by David Rintoul, he certainly tells us many exciting things, though he never actually describes how you hood your eyes like a hawk, as the top German spy used to do. The smaller parts are picturesquely played, with some Scottish speech that sounded right enough for me, though I've not been to Gallo-way for ages. The eponymous steps led up to a seaside villa in Kent, but perhaps I shouldn't have told you.

Most of the impending changes on Radio 3 announced by Controller Nicholas Kenyon this week naturally involve music, and they largely deal with schedules. They will be very unpopular with many listeners – not because they are wrong, but because changes of

any kind are always disliked. It is too bad that Chris Dunkley's *Feedback* goes out too late this week to get into today's notes.

One change already evident is that music announcements are more often amplified with relative fact or opinion, as if we were using a magazine. Soon enough we shall have a magazine, the BBC Music Magazine.

The reduction of drama to one play a week has already provoked a bunch of contempo-

rary playwrights to voice their indignation in *The Times*. I wonder if they have noticed how often at least one of the current weekly two is a repeat of an old production. With the addition of the *Season 3* for short experimental drama it may be that writers are less affected than they think. The weekly science magazine is to be continued, at any rate.

However much one may disagree, one must reserve one's judgments until after the changes have begun, and this will chiefly be in September. It is hardly likely that any flood of public indignation is likely to have any effect between now and then.

B.A. Young

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SPINK & SON, 5-7 King Street, St. James's, London. GW1. Henry Kooner - Exhibition of recent paintings until 25 July 1992. Mon-Fri 9.30-5.30.

SPINK, King Street, St. James's, GW1. Poetry by William Shakespeare. 1st - 24th July. Mon-Fri 9.30-5.30.

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ARTS

Saleroom Old Masters are back in fashion

Susan Moore on next week's
important London auctions

ON WEDNESDAY Sotheby's auctioneer Rembrandt's portrait of the preacher, and the theologian Johannes Uytendaele, signed and dated 1633, is one of perhaps 50 paintings by the master in private - but not royal - hands. It comes with an impeccable pedigree and, more crucially, the blessing of the famously debunking Rembrandt Research Project. Unlike the Rembrandt which failed at Christie's in April, it also comes with a reasonable estimate: £3m plus. The emphasis is on the plus.

Its fate will be seen by many as a litmus-test of the state of the so far remarkably resilient Old Master market. It is a sombre, serious picture. Uytendaele is portrayed after his return from exile and towards the close of what had been a dramatic and turbulent life. The young Rembrandt focuses on the careworn face and captures all the sinner's human vulnerability. He might almost be sheltering behind his crisply painted ruff.

There has been a steady stream of requests for condition reports on the picture, all from private collectors. Sotheby's is no doubt cheered by the fact that the "Daniel and Cyrus before the Idol of Bel" at Christie's had been bought in for £6m, a more than respectable amount for the jewel-like but small canvas.

In a reversal of the current trend, it is Sotheby's that

offers the most interesting paintings sale of the London Old Master season. Of particular note, too, is Guido Reni's brooding "David with the head of Goliath", believed to be the documented second version of the picture painted in 1631. The subject-matter, with its homoerotic overtones, is quintessentially Caravaggesque but the manner in which it is interpreted is Reni's own.

Despite museum interest in the picture, its fate is perhaps harder to judge. The pre-sale estimate has been dropped to £1.6m-£2.5m, the lower end of the estimate less than the record price the painting fetched after it was first discovered and sold by Sotheby's in 1985. The National Gallery in London had hoped to acquire it then, and it has been on loan there - and much admired - more or less ever since.

Whispers abroad to the effect that the picture is actually by The Divine Guido's pupil Simone Cantarini would be more convincing if they were based on a knowledge of the latter's work rather than a desire to use him as an art historical dustbin. In any event, the quality of the picture speaks for itself - and against an attribution to Cantarini.

A hitherto unpublished Lucas Cranach the Elder of a female personification of justice, is another highlight. It is a highly unusual subject and one not without irony. Cranach's all but naked Justice is a sensual, languid creature. How



Detail from Rembrandt's portrait of Johannes Uytendaele

striking to have a representation of a virtue that inspires vice. She comes with an estimate of £350,000-£450,000. Again the estimate compares favourably with the £506,000 paid for a less alluring Cranach portrait at Christie's in April.

Procaccini's dangerously smiling Judith with the head of Holofernes, is another high quality, unpublished piece. It is ludicrously under-valued at £25,000-30,000. Both it and the Francesco Cairo "Agony in the Garden" (estimate £100,000-£150,000) are reminders of the late-Gothic elegance that one would expect from a contemporary of Gentile da

Fabrizio. Will collectors be put off by the fact that it was sold, for \$1.1m, in New York only two years ago? It now comes with a temptingly low reserve, and a lower estimate of \$300,000.

Two of a set of four Venetian Canaletto's are excellent witnesses for the case against museum deaccessioning. The Alte Pinakothek in Munich sold these two Grand Canal vedute in 1939 as they were then thought to be by Bellotto. No one now doubts the original attribution, and they are set to do well. There is every chance that they will exceed their estimate of \$600,000-£800,000.

The best of Broadway

IT HAS been a much better season for musicals than plays on Broadway, but there were a few bright spots among this season's openings. The best play on Broadway, according to the Tony Awards and also popular wisdom, is Brian Cline's *Dancing at Lughnasa*. The original actors from the Abbey Theatre of Dublin departed in March, replaced by a mostly American cast, which, word has it, is doing an excellent job.

Though flawed, August Wilson's *Two Trains Running* is certainly the best new American offering on Broadway this year, benefiting from excellent performances including that of a rising young star Larry Fishburne (*Boyz n the Hood*), who won the production's only Tony, for best featured actor.

Two Trains Running is the latest in Wilson's ongoing series of plays each devoted to a decade of the African-American experience.

The play records a week in the life of the denizens of a Pittsburgh cafe in 1936. It is not an overtly political play, but Wilson addresses the era's politics obliquely in the characters' varying methods of coping - or not - with life in the white man's world. The cafe's owner, Memphis Lee, is determined to get his fair share from the city's plan to raze the area for an urban renewal project. His waitress, Risa, (Cynthia Martelle) smolders with angry ideas that she can only communicate through her gait as she shuffles languorously around the cafe; she ain't speeding up for nobody. Sterling, (Fishburne), an ex-con, is trying to put his past behind him but can't find work. Hambone, a disturbed drifter, wants justice in the simplest way; for ever focused on a ham a white man denied him as payment for a job, he can only say "I'm gonna get me my ham!" until

Karen Fricker
sums up the New
York theatre
season

on plot and long on talking, and at three hours just plain long, but entering Wilson's world was aided by the predominantly black audience's enthusiastic, vocal response, which created a rare feeling of community.

The title of Herb Gardner's *Conversations with my Father* is a misnomer; it is not about conversations with but rantings by Eddie, a Russian immigrant who changes the name of his bar on Manhattan's Lower East Side every time America's cultural wind shifts, all the time denying his family's Jewish heritage. Gardner is clearly trying to exorcise his father's demons with this autobiographical play, but Eddie/Papa Gardner ends up dominating *Conversations with my Father* in a way that the author seems unable to control - the world

of the play is hopelessly skewed by the father's perspective.

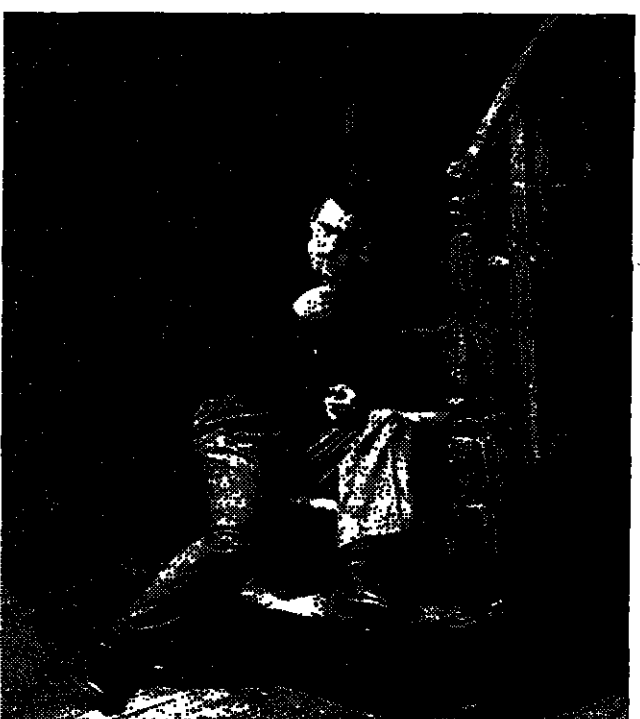
Conversations starts out in a familiar memory-play structure, with Gardner's onstage surrogate Charlie (Tony Shalhoub) giving a charming Yiddish-language lesson directly to the audience, but as soon as Eddie takes stage, Charlie retreats to the sidelines, watching helplessly as his father bullies his infant and adolescent selves and everyone else around him. Gardner also allows Eddie to relegate his wife Gusta to the kitchen, frustrating the audience who wants to better understand her relationship to the events of the play, and to enjoy more of Gordana Rashovich's wonderfully quirky performance.

Hirsch, in his too-familiar curmudgeon mode, won the Best Actor Tony Award for his performance.

Some people go to 12-step recovery programmes to deal with their dysfunction. Neil Simon writes plays that end up on Broadway. His latest offering, *Jake's Women*, is theatre of and for the age of therapy, a comedy-drama of mostly imagined interactions between a successful novelist and his deceased first wife, his dissatisfied second wife, his daughter, his shrink, his sister, and his girlfriend.

This is tinkler-toy Pirandello: Simon seems to be just now discovering theatre's capacity to question and reshape reality and memory that other playwrights have been investigating, much more effectively, for years. Simon's best plays, the *Brighton Beach Memoirs* trilogy and *Lost in Yonkers*, are full of the rich humour of real people in ridiculous human situations, but the characters in *Jake's Women* are too clichéd and the situations too predictable to be funny, and his gag lines are a poor substitute - they fall flat. Alida, like Hirsch, plays himself, and audiences are flocking to spend a few hours with that lovable sweater-clad persona.

Audiences will have to hurry



Alec Baldwin in 'A Streetcar named Desire'

to see the season's biggest star vehicles. *Death and the Maiden*'s producers are not sure yet if they will keep Mike Nichols' production running after Glenn Close, Richard Dreyfuss and Gene Hackman leave in August. Let's hope it closes soon.

More worthy of its hype is Gregory Mosher's revival of Tennessee Williams' *A Streetcar Named Desire*, with screen actors Jessica Lange (*Frances*, *Tootsie*, *Country*) as Blanche DuBois and Alec Baldwin (*The Marrying Man*, *The Hunt for Red October*) as Stanley Kowalski, which is closing in August. It is not a great production, but serves the play well enough to let Williams' superb craftsmanship come through. What the production lacks is atmosphere

- a good *Streetcar* should make you sweat, but nothing, save Alec Baldwin's gutsy performance, so much as raises the pulse. Baldwin doesn't banish Brando's memory (and who could?), but his portrayal is fresh and energetic, bringing a crude nobility to the role. In contrast, Lange makes her Broadway debut as if she were still playing for the camera; what she's doing is not all that bad, but is too quiet and too finely painted. Amy Madigan (*Field of Dreams*) as Stella is strangely mannered and her relationship with Stanley too lacking in passion, and Timothy Carhart (*Thelma and Louise*'s would-be rapist) is far too dashing to play the lumpy Mitch.

Pitchford gift

PITCHFORD Hall in Shropshire, arguably the most important half-timbered house in England, has been offered as a gift to the nation. Mr and Mrs Oliver Colthurst, whose family have owned the house since the 15th century, will give the Grade I house and 70 acres of park and garden, currently on the market at £1.25m, to a heritage body if its important contents can be kept intact.

The offer was announced yesterday after a stalemate in negotiations to secure the future of the estate, a victim partly of Lloyd's losses. The National Trust has had a team of 26 experts looking at

Pitchford in the last few months and is keen to take responsibility if the Government provides special funds with which to endow the house and purchase its collections.

If no decision is reached by August 1, Christie's will sell the contents, valued at £2m, in September.

Susan Moore

Dazzled by the Magician

Max Loppert applauds the opening work in the
new Almeida Opera season

THERE ARE several reasons for cheering the arrival of *Almeida Opera*, the first collaboration between English National Opera's Contemporary Opera Studio and the Almeida Theatre Company. What this amounts to is a summer opera-festival offering two new operas, a double bill containing a third new opera, and a thematically linked scheme of chamber concerts; and what it promises is the revival of at least a portion of the contemporary music-theatre excitement regularly tasted in the small Islington theatre when the much-missed Almeida Festival was in full spate.

It was launched on Thursday, with the strongest possible form of advocacy for the venture - a dazzling piece of modern music-drama, dazlingly executed. Stephen Oliver's *Mario and the Magician* was first shown at the 1988 Musica Nel Chiostro Festival at Battignano; it receives here its British first performance.

Oliver, who died two months ago at the age of 42, was a complete theatre-man. This adaptation of the 1923 Thomas Mann novella, for which - as was the usual Oliver practice - he wrote both words and music, supplies still another cause to lament his horribly early death. Yet this small, sharp, vital opera comes at exactly the right moment to provide a perfect example of his rare gifts, and so celebration is also in order.

Several previous operatic approaches have already been made to *Mario and the Magician*; last month Andrew Porter reviewed on this page the Toronto premiere of the most recent - Harry Somers's three-hour version for large cast and orchestra. Oliver's 75-minute

one-act is expertly planned and paced, effective in all the good senses of the word; in it he has preserved Mann's short-story scale, the picaresque atmosphere of the Italian seaside resort, the hints of growing Mussolini-era intolerance beneath the surface.

He does this as only a real opera-creator can: by means of compression and juxtaposition of incident, alteration of a few of Mann's narrative details and excision of many, and above all a gift for making his music expand the subject matter.

The opera is basically a chamber scherzo with sinister edges and allegorical undercurrents, shaped in unusual halves separated by a short instrumental interlude. In brief, accurate scene-setting detail the first "half" touches in the holiday sojourn of the German narrator and family (here changed to a widow and daughter); the second unfolds the conjuring show of the Cavaliere Cipolla and its violently dramatic conclusion.

Skilfully inflected "tones of voice" rich in many-layered irony are achieved in the musical styles that carry the scheme forward: principally a concentrated, unostentatiously late-Romantic lyricism (big melodic phrases underpinned directly by piano accompaniment directly influenced by Britten's *Death in Venice*); a perky burlesque Stravinsky evoking the magic-show conventions, and a vein of half-serious chromatic spookery limning Cipolla's hypnotic tricks.

When *Mario and the Magician* was first shown at Battignano, the reviewer in *Opera* deemed it a "smart little shocker" and praised Oliver's building toward a *coup de théâtre*. The praise deserves

repetition but also amplification: for the experience is more substantial than the word "shocker" may suggest, depending for its fullness on a light-fingered treatment of subject and symbol (Cipolla's unnatural power compared to Mussolini's), an acute balance of comedy and melodrama.

"The opera delights, grips, disturbs; it never hectors or stuns its audience into submission. Oliver's exactness of aim and achievement has been exactly mirrored in the playing of Almeida Ensemble under Nicholas Kok, and in Tim Hopkins's production. A tilted circular ramp (designer: Nigel Lowery) serves excellently as springboard for the scenic transformations, and for the intensely physical activities of the 14-strong cast. The economy of the staging carries its own potent magic, which (of course) is also Oliver's; the intimacy of the Almeida offers an ideal setting.

Cipolla (baritone) affords Richard Jackson endless opportunities for slimy smiles and sidling motions, pregnant moments of stillness, myriads of vocal and verbal half-light. He seduces every one with the magnetic authority of a virtuoso (and a neat conjuror to boot). The other significant roles in what is essentially, and outstandingly, a tight-knit ensemble show go to Paul Nilon, Lynne Davies, Annemarie Sand, Garry Magee and the actor Jonathan Burrell (in the non-speaking part of the waiter Mario, Cipolla's final victim).

I predict long queues at the box office for the remaining four performances: this *Mario and the Magician* scores a palpable hit. (Almeida Opera until July 19; principal sponsors the Peter Moores Foundation)

A Caribbean Odyssey

Andrew St George enjoys Derek Walcott's new play

"MONSTERS, we make them ourselves." So ends *The Odyssey* at The Other Place, Stratford: selected stories from Homer over three hours with a cast of 16, a hand and special effects. The text is by the Caribbean poet Derek Walcott, and direction by Gregory Doran. The result is a play, busy like the mackerel on crowded seas around Rhacsa: attractive and lively fare.

Walcott's Caribbean tribute to Homer, *Omeros*, was the best long poem of 1990. His text for *The Odyssey* draws on the visceral language of *Omeros*. This, with inventive, energetic and lyrical direction attempts the impossible task of putting Homer on stage. Epic poetry is not theatre, but dignified verse and serious actions in narrative form.

The text is not inherently dramatic, for it deals with events that have already happened. In Homer, Odysseus hears of his own exploits from a poet, and weeps: "You sing so finely of the fate of the Greeks, all that they did and endured and toiled, as if you had been there yourself or heard it from someone who was." Epic asks "what happened then?" Tragedy asks, "what is happening now?" The sandy set fronts a clear plastic screen. The costumes mix Greek and Caribbean, making the journey home to Rhacsa more exotic. There is a wonderful storm scene before Scheria, a sexy sojourn with Circe, and a run-in with the Cyclops. The Underworld is a subway station, the Flatbush Avenue Express roaring past.

True to form, Odysseus (Ron Cook) is wily and Penelope (Amanda Harris) faithful; their qualities are challenged by an assortment of rejuvenated Homeric figures around them. Circe (Bella Emehoro) is all sinewy eroticism and Nausicaa (Sophia Okonedo) all flirtatious charm: "Just tell your wife you met me and were swept overboard." Geoffrey Freshwater (Ron Cook) is wily and Penelope (Amanda Harris) faithful; their qualities are challenged by an assortment of rejuvenated Homeric figures around them. Circe (Bella Emehoro) is all sinewy eroticism and Nausicaa (Sophia Okonedo) all flirtatious charm: "Just tell your wife you met me and were swept overboard."

A blind biest poet (Rudolph Walker) keeps the action moving forward, but the best parts of the evening are the descrip-

tions of offstage events. That is what Epic means. As Gorgias said in the *Helen*, "words tell of the fortune and misfortune of other lives and other people, the heart feels a feeling of its own."

The strengths lie in the language: "Imagine a blue cave, alabaster and porphyry, blue waves on its mackerel, or 'Crowded bodies long for their original shore.' The verse itself, in six-pulse lines, needs close following. Clear, sharp verse-speaking makes concentration easy. The content varies from the witty: "I saw

the wooden horse blocking the stars - 'Troy fell for it'; to the cruel: "Helen - still miss Troy?"

At the moment, *The Odyssey* lacks expansiveness and shape. It fails to match the scope of Walcott's vision: "the sea speaks the same language around the world's shores." Leaving the theatre, one should feel that Odysseus's journey is still happening somewhere. Walcott closed *Omeros* with that haunting idea: "When he left the beach the sea was still going on."

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TELEVISION

SATURDAY

CHANNEL 4

REGIONS

BBC1

6.35 Open University. 7.25 News. 7.30 Hello. 8.00 The Big Bang. 8.15 The Jobless. 8.30 Round the Twist. 8.40 Paralympic. 9.10 Weather.

10.55 Grandstand. Introduced by Desmond Lynam. Including at 10.55 Cricket: England v Pakistan. Coverage of the third day in the Third Test from Old Trafford. Commentary by Tony Lewis, Rio Benaud and Asif Iqbal. 1.00 News. 1.05 Rugby League/Athletics. Rugby League: Australia v Great Britain in the Third Test from Brisbane. Athletics: Highlights of the US Olympic Trials from New Orleans. 1.40 Tennis from Wimbledon: Coverage of the ladies' singles final between Monica Seles and defending champion Steffi Graf, followed by the men's and ladies' doubles finals. Commentary by John Barrett, Virginia Wade and Ann Jones. Times may vary.

5.10 News and Sport. 5.20 Weather. 5.25 Jim'll Fix It. 6.00 The Brittas Empire. The leisure centre closes as Gordon Brittas investigates a case of staff pilfering and sets a trap to catch the thief.

6.30 There's Showbusiness. 7.00 Keeping Up Appearances. Comedy, starring Patricia Routledge and Geoffrey Hughes. 7.30 Growing Pains. Tom is enthusiastic about a charity fund-raiser and cannot understand why his family are so reluctant to take part. Jason has trouble settling in at his new school. Starring Ray Brooks and Sharon Duce.

8.20 Casualty. Beth thinks about going into general practice, while social worker Trish Baynes considers a transfer during a hectic shift. A woman and her violent husband cause problems for the staff. Marnie Kasah stars.

9.10 News and Sport. Weather. 9.30 International Athletics. Live coverage of the Biathlon Games from Oslo.

10.30 Today at Wimbledon. Harry Carpenter introduces highlights of the ladies' singles final between Monica Seles and Steffi Graf and talks to the winner.

11.30 Film: Enigma. An East German refugee (Martin Shaw) is recruited by the CIA to spy on a spy mission in East Berlin. (1982).

1.10 Weather. 1.15 Close.

BBC2

6.40 Open University. 6.50 The Sky at Night. Patrick Moore sums up what has been discovered about Uranus and Neptune since the Voyager 2 probe bypassed Uranus in 1986 and Neptune in 1989. Both these remote giants are on view this month.

8.20 Wimbledon and Cricket. Tennis: Desmond Lynam introduces live action from the All-England Club, including the ladies' singles final (Monica Seles v Steffi Graf) and the men's and ladies' doubles finals. Cricket: The third day of the Third Test between England and Pakistan at Old Trafford.

9.05 News and Sport. Weather. 9.20 Columbus and the Age of Discovery. New series in seven parts charting the life and legacy of Christopher Columbus, to mark the 500th anniversary of his landing in America.

9.10 Rhythms of the World. Exploring the relationship between Caribbean music and poetry. A look at two sides of Caribbean music and poetry: Shaka Keane, one of the unsung heroes of 1980s reggae, and a look at the reggae scene in Jamaica.

10.10 Teenage Diaries. Video diary following Julie who lives with five other girls in a special home for anorexia. In a frank and courageous account to the camera, Julie reveals the desperation that surrounds a little-understood condition. There are moments of celebration, such as when she slightly increases her weight, but the real test is how well she copes when she returns home to her family.

11.00 Film: Take the Money and Run. Woody Allen plays a social misfit who turns to a life of crime. Visual gags and slapstick capers abound in Allen's debut as writer, director and star (1969). Also appearing Janet Margolin, Marcel Hillaire and Jacquelyn Hyde.

12.30 Cricket: Third Test. England v Pakistan. Richie Benaud introduces highlights of the day's play.

12.55 Close.

LWT

6.00 TV-am. 8.25 Film: In Search of the Castaways. 11.10 The Smurfs. 11.30 The Sealy Five. 11.50 News. 12.30 The ITV Chart Show.

1.00 ITN News; Weather. 1.05 LWT News and Weather; The Day.

1.10 International Rugby. Australia v New Zealand in the first of three Tests between the two countries. Exclusive highlights from Sydney, with commentary by John Taylor and Bill Calcutt.

1.55 Film: The Man in the Mirror. An unlikely energy crisis prevents a police making headway on a case. Police adventure, starring Dennis Weaver.

2.45 Killa and Dog. 4.15 WWC Worldwide Wrestling. 5.00 ITN News; Weather. 5.05 LWT News; Weather. 5.15 Beverly Hills 90210. 6.00 Bob's Your Uncle. 6.50 Catchphrase. 7.20 Father Dowling Investigates. When art treasures belonging to a wealthy family are stolen, Father Dowling finds a prime suspect with a twisted mind. Starring Tom Bosley.

8.10 Sam Saturday. Sam and Sgt. Jim Butter find an east European corpse on a park bench. But the dead body has no means of identification. Can Ivan Kays be the London-based Jewish detective solve the mystery? Kate Butler guest stars.

9.10 Michael Winner's True Crimes. A study of the case which gripped the country during the summer of 1989, when a blackmailer implanted razor blades and caustic soda in jars of Heinz baby food.

9.40 Tom Jones: The Right Time. With Joe Cocker and top-topping singer Curtis Stigers.

10.10 ITN News; Weather. 10.25 LWT News; Weather. 11.25 Philip Marlowe: Private Eye. Robin Glynn (the former Mrs Mike Tyson) plays a would-be starlet who becomes entangled in underworld activity.

12.20 The Big E. 1.30 Get Stuffed; ITN News Headlines. 1.35 Music from the Bridge. Tony Greer profiles singer Cyndi Lauper. 2.05 New Music. 3.10 Indy Car Racing. 4.10 Get Stuffed. 4.15 The Hit Man and Her.

6.00 Early Morning. 10.00 Sign On: Newswatch. After the Earth Summit in Rio will the world be a safer, cleaner, healthier place to live in? 10.30 Film: The Man in the Mirror starring Edward Everett Horton with Alisa Sim. 12.00 Get Smart. 12.30 pm The Beverly Hills.

1.00 Film: The Beautiful Blonde from Bashful Bend. A gun-toting saloon girl is mistaken for a schoolteacher in a remote town. Westerns, starring Betty Grable and Cesar Romero (1949).

2.25 Fairy Story. 2.50 Racing from Sandown Park. Including the 250th Anniversary Stakes (H cap), 3.25 Stars and Stripes Sprint Stakes, 4.10 Coral Eclipse Stakes and the 4.45 Fourth of July Stakes. Introduced by Brough Scott.

5.05 Brookside. 6.30 Tour De France. New series. Stage One: San Sebastian Prologue Time Trial, 8km. Phil Liggett, Paul Sherwen and Gary Lynch present opening coverage of the world's most prestigious cycle race. News.

7.00 The Big Picture Show. New series in which current affairs are analysed by uncovering hidden connections between politics, economics, social policy and everyday life without recourse to the rhetoric of party politics. Emma Freud is the presenter. In the first of three programmes, The Guardian's Will Hutton investigates the current race in crime. What is to blame? And how can the crime wave be ended?

8.00 Kingdom of the Plains. Examining Africa's illustrious baboon troop, nicknamed The Pumphantropes. Anthropologist Dr Shirley Strum tells their story.

9.00 GBH. Re-run of Alan Bleasdale's award-winning drama. The mysterious Barbara Douglas seems more interested in council leader Michael Murray's past than in his attempts at courtship - but why?

10.50 Film: Les Bonnes Femmes. Claude Chabrol's ironic study of four working girls and their attempts to find romance and excitement in Paris (1960). With Bernadette Lafont, Stephane Audran, Catherine Joann and Lucille Saint-Simon.

12.30 Twilight Zone. 1.25 Close.

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA. 8.25 The Absent-Minded Professor. 11.00 Disney Cartoons. 11.30 Zorro. 1.05 Anglia News. 1.55 Chiquered Flag. 2.25 Man About the House. 4.55 WWC Worldwide Wrestling. 4.58 Cartoon Time. 5.05 Anglia News and Sport. 10.30 Beauty and the Beast.

BORDER. 11.15 Disney Cartoons. 11.30 The Munsters Today. 1.05 Border News. 1.55 Chiquered Flag. 2.25 George and Mildred. 4.10 The A-Team. 5.05 Border News. 10.30 Desperado.

CENTRAL. 8.25 The Absent-Minded Professor. 11.00 Zorro. 1.05 Central News. 1.55 Chiquered Flag. 2.25 George and Mildred. 4.10 The A-Team. 5.05 Central News. 10.30 Desperado.

CHESHIRE. 8.25 The Absent-Minded Professor. 11.00 Zorro. 1.05 Cheshire News. 1.55 Chiquered Flag. 2.25 George and Mildred. 4.10 The A-Team. 5.05 Cheshire News. 10.30 Desperado.

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BBC1

6.45 Open University. 6.50 Playdays. 8.10 News. 8.15 Telling Tales. 8.20 The Big Bang. 8.30 Sign Extra: Q&A. 10.30 Hindi Urdu Bol Chali. 10.55 Fast Forward. 11.00 How Do You Manage? 11.10 Buzzer. 11.15 Cartoons.

12.10 Countryfile. 12.35 Weather for the Week Ahead. 12.40 News. 12.45 The French Grand Prix. Live coverage from Magny Cours. Can Nigel Mansell overcome his first disappointing results and again stamp his authority on the championship?

2.50 Eastenders. 3.50 Columbo: Murder Under Glass. 5.00 Cartoon. 5.10 Survivors - A New View of Us. A bird's eye view of the beaches and marinas of southern Spain and the concrete jungles of the Portuguese coast as a young seagull migrates to Morocco for a winter break.

5.40 Mashed! 1992. Contestants compete in the second semi-final, with guest judges chef Anton Edelmann from London's Savoy Hotel and TV presenter Sue Lawley. Hosted by Lloyd Grossman.

6.15 Lifetime. David Jacobs appeals on behalf of invalids at home, which helps people with severe disabilities or long-term illnesses.

6.25 News. 6.40 Titchmarsh on Song. Alan Titchmarsh returns to his childhood parish in Ilkley, Yorkshire.

7.15 Strathgairn. 7.05 Strathgairn: World's A Taste of Spain. With only three weeks before the Barcelona Olympics, Alan travels to the city where he meets the designers of the Olympic mascot and stadium, and talks to controversial architect Peter Hodgkinson.

8.35 One Foot in the Grave. Christmas Special. Victor (Richard Wilson) still has a score to settle with his next-door neighbour.

9.25 News; Weather. 9.40 Today at Wimbledon. Highlights of the men's singles final and also from the past fortnight.

10.30 Heart of the Single. Women past the



LAST weekend I had someone killed for me. I didn't commission the killing but I have the uneasy feeling that a murder was carried out for my benefit. If you read the Sunday Times magazine then you, too, have had someone butchered for your benefit. The cover of last week's issue showed a young Burmese in the first throes of death. His mouth is opened wide with terror as another Burmese plunges a knife into his chest. It is said to be the killing of a government collaborator by a member of the Karen National Liberation Army.

But this is not an incident of sudden violence snapped hastily by a photographer hiding out of sight. The man being butchered has had his arms tied to a tree. Somehow he has wrenched them round in a desperate effort to

Blood on their cheque books

Dominic Lawson asks why images of brutality are not considered pornographic

staunch the gush of blood as the blade slices through his chest cavity. The position of the killer is interesting. He is standing to the side of the victim as he thrusts and twists the knife. This means he cannot plunge the weapon in straight but it also means that he can give the photographer, one Bruce Haley, an unimpeded view of the execution.

Inside the magazine, "the executioner" - that is the only name given to him by the author of the blurb accompanying the pictures - is seen posing for the photographer, after carrying out his bespoke killing. Other pictures show the executioner punching his hog-tied victim in the face. The

final picture in the series sees the executioner wiping his bloody blade over the all-but-eviscerated body of his victim.

In its way, this is the most revealing photograph of all. The man with the camera must have been standing almost over the murderer as he finished off the job, judging from the angle and focus of the snap.

I don't know whether the Sunday Times commissioned Bruce Haley to perform his part in this choreographed execution. The pictures are also attributed to an agency called "Colorific" which perhaps had sold these gory and undeniably "colourific" prints to the highest bidder. Whatever the

chain of events, a lot of people other than "the executioner" have blood on their cheque books.

It is a degrading process for all of them. And for all of us, the readers. For most men, I suspect, such pictures evoke disgust, first at the people responsible for showing them to us, but then, more awkwardly, at ourselves, because we are strangely compelled by the sight of acts of extreme violence and brutality.

Thus, the first question those of us who have never served in the forces tend to ask those who have tends to be: "Did you ever kill someone?" And if the answer is "yes," we then go on to demand all the gruesome details. That is

why, I suppose, men like war films so much, although the Sunday Times pictures are to war films what snuff movies are to soft pornography.

If the Sunday Times had published pornographic pictures as shocking as those it printed of the staged execution and evisceration of a Burmese teenager, then it would have been prosecuted for actions "likely to deprave and corrupt." It is true but true that in Britain the pornography of sex is deemed unfit for public display, whereas violence has become mandatory prime-time viewing.

The BBC has started a new series called "999" which, under the pretext of showing how the

emergency services go about their work, offers us the gore to guarantee high ratings. In the first programme, I am told, there were featured a woman being filleted by a speed boat and a parachute instructor being strangled by his cord.

There is, however, a difference between what the BBC is broadcasting and what the Sunday Times published. The BBC is showing accidents. The Sunday Times is in the business of deliberate acts of horror.

As a newspaper it has taken the line, in the argument over Andrew Morton's book on royal marital difficulties, that by not preventing her friends from talking to the writer, the Princess of Wales has tacitly authorised their acts. In doing nothing to prevent the murder of a young man, is the Sunday Times's photographer tacitly authorising that act?

■ Dominic Lawson is editor of the Spectator.

The big scoop

Michael Thompson-Noel



I BEHAVED out of character last weekend. I went to the shops and bought myself a present, an Italian ice cream machine that, even as we speak, is churning out pail after pail of ice cream and sorbet (sherbet, to Americans) - flaming fudge sundae, chestnut parfait, old-fashioned strawberry, tutti-frutti. It cost £250, which is why its purchase was out of character for a simple soul like me.

To judge from readers' letters, there is a widely-held view that life, for me, is just a bowl of cherries. That nice things happen to me every day of the week. Exotic travel. Breakfast with Virginia Bottomley. Visits to racing stables. Tea with dowagers. Afternoon roulette. Outings to the theatre. The ear of Jacques Delors. Invitations to join the Committee to Elect Ross Perot.

But the fruits of the loom are not easily gained. If nice things happen to me, you can bet there is a reason for it. Nor is my sangfroid exactly what it seems. I am like a waterfowl: galleons above the surface, but paddling furiously underneath.

For most of the time I live quite quietly. I do not have a choice, for my life is circumscribed by the terrible scrutiny of my executive assistant, Miss Lee, a Jaeger-clad

HAWKS & HANDSAWS

Thatcherite with bee-stung lips and an elephant's memory who monitors my movements like a Cold War satellite. I am Miss Lee's thrall and bondman; she treats me like an insect. (There is a good American expression to cover this sort of thing, but as it is rarely tinted I had better not employ it.)

I have very few possessions: a flat, a car and a television; two pairs of shoes and two-and-a-half suits; some books and tennis balls; a porcelain Dalmatian (I used to have a real one, liver-spotted, who lived to 13½ - my brain misses him enormously, refuses to accept his absence, still sees him on the street, or running across the common); a painting by John Bellamy and a camellia in a tub.

To which I have now added an ice cream machine. Its purchase was an act of rebellion. Last Saturday, Miss Lee relaxed her satellite watch over my affairs for about 47 minutes, which enabled me to bus to Selfridges and, down in the basement, to purchase a Gaggia Goliath, a splendid machine, product of the space-age, which, starting from scratch, can make perfect ice cream or sorbet in about 30 minutes.

What a week I have had. Bitter chocolate ice cream. Coconut ice cream. Zabaglione. Hazelnut and toasted almond ice cream. Prune sorbet. Papaya and mango sorbet. I have even learned how to translate American measurements into Imperial ones (my ice cream book is American), though it requires deftness and concentration. In a further act of defiance, I have bought ice cream glasses and spoons and a beautiful silver scoop. As the ozone layer vanishes and the Earth heats up, I shall retreat deeper and deeper into my kitchen, into a world of peppermint snowflakes and chocolate mouse topping.

The only sticky moment came when I offered Miss Lee a scoop of banana ice cream. She does not approve of my machine, mainly because it has no power without her authority. She prodded me offering suspiciously. "Michael, are you sure these were fresh bananas? Your banana purchasing is invariably erratic."

All this ice cream has had a soothing effect. I have not read the papers this week. They have been full of the usual squawking. Instead, I have turned (once again) to the New Yorker essays of E B White. In 1935, White penned a perfect little essay called "Technological Progress." He was lamenting the loss of a lighthouse-keeper's job because of the invention of a gas buoy capable of winking a mechanical warning to shipping, thus putting the keeper and his family profoundly out of business.

"The empty lighthouse," wrote White, "seemed a symbol of all that is going on in the world: new devices putting men and their families out of work... Science, blessing us with gas buoys, is a hard master and perhaps an evil one, giving us steel for flesh, dolls for wages, solving every problem except the essential one: what to do about the pride of a former lighthouse-keeper, who doesn't want relief, who wants bread earned by toil, seeing his light shine afar."

When Tina Brown telephones me tomorrow to ask how best to edit *The New Yorker*, I shall tell her to read a lot of E B White and consume great quantities of banana ice cream.

DISSIDENT is a damaged human being, says Jan Urban. That is why the former Civic Forum leader did not stay around to pick up a plum job in the new republic but resigned on the day Czechoslovakia reverted to democracy.

Dissidence was a kind of profession. "It was extremely demanding and one-dimensional," he said. "You couldn't trust anybody. You had to live on strict rules and instincts. And I felt this was very unhealthy and I wanted to become normal again."

Countries, like individuals, need to convalesce after the trauma of revolution or war. Strange things happen: the streets are suddenly full of resistance fighters whom nobody remembers seeing before; the real dissidents find themselves accused of collaboration.

It had been the same in 1945. Urban talked to his Polish friends. "They laughed at me and said we had the same experience too. When I started to dig deeper I found out that all nations face this problem."

So Urban has been spending part of his convalescence at Emmanuel College, Cambridge, researching a book on how countries come to terms - or not - with their past.

I asked him why dissidents were unpopular, even after a revolution. "Because we were different, because we were trouble-makers, because - as I found out - to be once a dissident you're dissident for the rest of your life."

"It's an addiction. You become irresponsible, you become so used to being independent that you give loyalty only when you want, on your terms. And I think this is well illustrated by failures of the dissident politicians in eastern Europe these days."

So former dissidents are not fit for government?

"Most of them take politics as a substitute for the old fight; their vision of the world is as a fight. I don't think they are suitable for normal politics. Let's put it this way: they are extremely good, or some are, in destroying things. But as a bricklayer I know well it's not the best qualification for building."

Jan Urban is a graduate of Prague University who qualified as a bricklayer at the age of 35 (he is now 41). He had been sacked from his teaching job nine years before for refusing to condemn the Charter 77 dissidents. He became a race-trace attendant, forklift truck driver, crane driver and building labourer and then wrote for the clandestine newspaper *Lidové Noviny*.

He does not exempt his dissident colleague Vaclav Havel, now seeking re-election as president of a dissolving country, from the charge of post-revolutionary failure; but he recognises Havel's "immense moral authority". Anyone who spends time in jail, he said, probably needs the same length of time in which to recuperate. Havel, who served five years, could not face a camera for six months after becoming president. The prisoners' rule is never met by an interrogator's eye.

Urban's recuperation means mending things with his wife Elena and daughters Theresa and Kamila. Is your wife part of your rehabilitation?

"Oh, definitely, the most important part." He laughed. "Because, just to give you an example, she never knew where I was going because it was safer for both of us. I had to make clear to the other side (the state security police) that I



Private View/Christian Tyler

The past is a dangerous place

could not be blackmailed through my family and that was tough. We had to learn to live together again as a family and not as a kind of supporting base for a one-man show."

The dissident becomes cut off from his fellow citizens and the outside world. "The first thing we have to do is just sit down and study, study to bridge this gap. And not to imagine, which I feel is a legacy of the Communist thinking, that politics can change everything by backstage manipulation and putting good people in right places. We have to work on society as a whole."

What makes a man an active dissident? Jan Urban was much influenced by the career of his father, Zdenek, a Communist who resisted the Nazis and rose to be a member of the party's Central Committee. A reformist, he was purged in 1968 after the Soviet tanks invaded, and was finally reduced to menial jobs. He died of a heart attack four years ago after a series of interrogations by the secret police.

"He always told me: 'In 1945 I exchanged my own conscience for the belief that some party knows better. And this is a moral fault. You have a good chance not to fall into the trap. And if you are ready to pay the price, just go on.'"

Now the son is following his own peacetime prescription, to study. His book deals with Germany,

France, Japan, the Netherlands, Belgium, Britain and Czechoslovakia after World War II, with Portugal, Spain and Greece in the 1970s, with Argentina, Uruguay, Chile and Brazil in the 1980s, and with eastern Europe since 1989.

What he has found is that in nearly every case the past becomes a weapon in the hands of the new regime. History is distorted to legitimise the new leaders and to discredit their political opponents. The reality of life under dictatorship is obscured; so too are the reasons why the mass of the people are so ready - indeed willing - to co-operate. It can take decades for a country to face the truth about itself.

Urban thinks such behaviour is only human. "I didn't have too many ideals about this. I didn't understand how easily most of my compatriots were subdued."

"But I understood that to be openly against an immoral regime in a situation which doesn't give hope for change is absurd, is ridiculous, for men or women who think about the good of their family, of their career, of those normal things."

"And I don't have a problem recognising human fear. I went through lots of it and I just was given the opportunity to learn to live with it - to manage and not to collapse."

"What I dislike are people who

were afraid to do anything but now pretend that they were brave and ask for revenge. I don't mind people who recognise yes, they were afraid. I don't even ask them to feel ashamed. What I ask is that they don't tell lies."

Unlike, say, Lech Walesa in Poland, Jan Urban has never been accused of collaboration with the Communists. But it would not be difficult to dig something out of his file.

Czech dissident Jan Urban says countries, like people, need to convalesce

In the summer of 1989 he told his chief interrogator, privately, that he had been tipped off about an underground supply-line of small arms from France. Having first alerted the French and British embassies, he reported it not only because he suspected he was being framed, but also because the dissidents had pledged to have nothing to do with arms or drugs. "In this very criminal field I would co-operate with any police in the world."

The meeting took place in the street. "I told him the information. I

said 'I won't sign any protocol, I won't mention it again. I don't know whether it is your provocation or not. In a sense I don't care'. And I went home."

"When I was given the chance to meet them in the pub instead of being taken away from my working place, of course I would go to pub."

So it was a life which had its own rules, like a game?

"Oh, definitely."

And did the other side enjoy it as a game?

"Oh, very much."

After the revolution, the records of all this activity lie about like unexploded mines. I asked Urban how they were to be detonated, how the past was to be disinfected.

His answer is for an independent commission to be set up by the incoming regime, composed of reputable lawyers, historians, journalists, people from international human rights agencies and former apparatchiks and policemen too.

Why do you include them?

"Because they were the people who wrote these documents, who know the techniques, the meaning it had at the time. They are in a sense the only people who can tell the meaning. Those files have to be understood as ordinary historical documents."

The commission should be given a fixed time to report. Then the files should be sealed for 30 years. The report should name those guilty of

torture and murder and describe how the regime suppressed dissent. The worst criminals should be prosecuted. For the others, publicity was often punishment enough.

"When you talk to someone, as I did, who is nearly 80 and who has been tortured in 1949 or 1951, of course he needs to finish that story. When you ask what would you like done with that man who tortured you, he replies 'Well, he must be 80 too. What can you do to a senile old man. But I want to see his name published.'"

Czechoslovakia's "Instrafion" law, enacted last November, bans Communist sympathisers from public office for five years. The law was arbitrary - and a disaster, Urban said.

"I think that we repeated all the mistakes ever done before us and we added some of our own. Our performance in dealing with the past is very, very bad."

Slovak nationalists had seen the law as a way of tarring some of their leaders. An attempt just before last month's elections to incriminate without real proof Vladimir Meciar, Slovakia's prime minister, had backfired.

"So I think," said Jan Urban, "that poor handling of our past has helped to split up the country."

For the country and for the dissident it is the same: if the future is to work, the past must be given a decent burial.

A sporting innocent on his way to the Olympic Games

Nicholas Woodworth has been in training for Barcelona

I AM not a sports person. I have not entered a locker room in good faith since 16-year-old, 6 ft 2 in Mick Shepherd, school tough-guy and offensive lineman, used to threaten me during pre-game kit-ups. "I'm going to beat the bejesus out of you on the field," he would say. And he did, regularly. Wham. Crunch. Canadian high school football left me looking at competitive athletic activity in a less than kindly light.

Even today the back pages of the newspapers are foreign territory to me. Recently the strangest place I have been is a vast bar called Champions on the Riverwalk in San Antonio, Texas, where simultaneously, and to packed crowds of roaring fans, 16 TV screens show 16 different cable sports channels. Such places do not offer an entirely rational view of the world, and leave me anxious for its future.

This may not be the best background from which to gaze out on to the wide world of sport. None the less, after half-a-lifetime's sports avoidance I find myself about to enter the greatest sporting competition on earth.

There will be many large teams travelling to Barcelona later this

month for the 1992 Olympics - the Games get more spectacular, the stakes higher, the spectators more numerous each time they come around. But no competition is going to be larger or more rigorous than that between the 15,000 journalists - more than one for every genuine athlete - who will cram themselves into each stadium, arena and bar in the city to dish up a two-week media extravaganza. Apart from the strength and staying power necessary, this leaves me concerned with my pre-game training.

How does one get in shape for such a monstrous contest - more than 160 national teams, 25 different sports, 41 sporting venues, 257 medal events, 400,000 excited observers, hundreds of dramas and stories daily? Jaded old sports

backs may sit back, chew cigars, and sprint across PC keyboards. But what about this reporter, a sports dolt who recently had his eight-year-old son correct him on the rules of checkers? If there were some journalistic version of steroids, a treatment that would pump me up into a George Plimpton overnight, I just might be tempted.

But no pain, no gain. In recent weeks I have been building myself up, making forays, some brief and tentative, others longer and more demanding, into what until now for me has been the uncharted and baffling world of sport.

I began with reading, piles of it from the local library. For want of any logical starting point, I began with the book at the top of the stack, a treatise on archery. The

bow, I was told, ranks with fire and the wheel as vital developments on the road to what humans are today. We make sport of curious things.

In *A Cultural History of Sport* I learned that the original Olympic athletes competed oiled and naked. In *Lords of the Rings*, I found out that not everyone admires the International Olympic Committee - its authors have dug up every piece of dirt imaginable on the perverting of Olympic ideals, and now face angry IOC libel charges. In the *Underground Steroid Handbook* (not available from the local library) I learned how to cook up a batch of performance-enhancing GHB using nothing more than industrial solvent and caustic soda.

Feeling somewhat strengthened, I began to make training sorties across the English countryside to interview athletes. Why is it that most British Olympic athletes seem to live in northern cities? I met individuals - Olympians, trainers, and sports academics - who seemed as novel to me as creatures from another galaxy.

In Sheffield, I met race-walker Les Morton and for the first time saw in a participant's eyes the power of the Olympic magnet. "Ooh aye," he said slowly of race-walking in Seoul four years ago. "It were like a dream."

I watched wrestlers grapple on sweaty mats in Manchester and gymnasts tape and talcum their hands in Newport. I met a marathon runner in Bridgend who lives from the proceeds of two races a year. I saw a 51-kilo Chinese weightlifter snatch-lift 120 kilos over his

head in Cardiff and break a world record. In Amsterdam a doctor for elite sportsmen explained to me why black athletes' bodies make them so formidable. In London's Drug Control Centre I learnt of a new generation of sports-drugs that have no legally acceptable test. In Birmingham I discussed women's pelvises with a physiologist.

There are not many things, in fact, that sport is not about. The wheel and the crunch of it, the will to dominate, certainly make sport what it is. But so do politics, ethics, technology, big business, social history, drugs, entertainment, medicine, sex, philosophy, and journalism - just about everything else we grapple with every day. What makes sport so odd and intriguing is that in the stadium we deliberately arrange all these elements in competitive order for our entertainment.

Competition - winning or losing in front of the world - is what the Olympics are all about. Even non-football, non-checkers-playing journalists get fired up by it. Like Japanese archers, British sprinters, Kenyan runners and the vast global back-pack heading to Barcelona, I have got butterflies.